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The COMMERCIAL and FINANCIAL CHRONICLE

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OUR REPORTER'S REPORT

Except for government bonds, institutions and trusts with funds for investment are finding it increasingly difficult to place such moneys accumulating in their hands.

For months the situation has been taut in consequence of the virtual dearth of new issues reaching market. Now conditions are being aggravated by the growing disposition on the part of corporations to reduce their outstanding funded debts.

Only a short time ago the United States Steel Corporation announced plans for calling of $30,000,000 of its debentures held by the public. More recently, this week, in fact, North American Company decided to call for redemption another $3,000,000 of its bonds.

These operations take on the nature of a double-edge sword so far as holders are concerned. It not only yields them funds which must be invested profitably, but goes further and removes at least a portion of the opportunity for such action.

Consequently it is not surprising to find that the seasoned high-grade bond market has been holding solidly in face of conditions, which at times, have not been conducive to constructive thought.

Dealers report no difficulty at all in placing the limited offerings of such paper as come into the market from day to day. As in most other directions the demand far outruns the supply, yet potential buyers will not reach for securities they need.

Less Afraid of Calls

The scarcity of new outlets for money has reached the point where there is less disposition to

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HOW DID WE GET THIS WAY?

THE ANATOMY OF CAPITALISM

By H. B. LOOMIS and JOHN B. KNOX

of John B. Knox & Company

Editor's Note: New Deal program makers, now wearing postwar planning labels, continue as in the past to pore over their blue prints with their backs to the world of realities. Their products are every whit as dangerous as they ever were—perhaps more so since the war appears to have lent them additional psychological support.

The best way to combat such seductive proposals as those now appearing almost daily, perhaps the only effective way, is to turn the flood light of fundamental truths upon them.

It is with hope of doing its part in combating this menace that the "Chronicle" is presenting a series of articles, of which this is the second, which call the reader's attention pointedly to certain fundamentals often overlooked in this day and time. It can think of no better contribution to postwar planning.

Part II

Man improves himself only when he is stimulated; when he is forced to struggle to attain the object of his desires, which are polygenetic and without limitation. He has been accurately described as a life-form to which exciting stimuli are essential and which approaches decadence and senescence when they are absent. It is the pressure of needs and wants in their varied manifestations which spur him to achievement. Necessity and desire alone conquer indolence and inertia. Well-being is always the major object of human thought, which operates in accordance with a prescribed form.

When man's needs are supplied by a bountiful nature he remains static. When they are temporarily furnished by a paternalistic government—and such action can only be temporary—he becomes vagrant and irresponsible. The desire for the good things of life, when connected with false ideas of right, power and equality and dissociated from ideas of industry, economy and diligence, produces the illusion that a man is robbed of his rights if he does not have everything he wants, and of equality if anyone else has more.

Man is the heir of all of the thoughts, the discoveries, the labors and the inventions of his predecessors but, contrary to the precepts of professional uplifters, who are always sufferers from psittacism, his heritage does not come

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THE FINANCIAL SITUATION

A new label has been pinned on it. Once upon a time it was "the Government's contribution to recovery." Later it became the "inflationary gap." Now it is "hoarding."

The SEC in its most recent—and according to some observers, apparently, sensational—compilations of "liquid savings" has really contributed little to the sum total of human knowledge. No one with the least familiarity with such matters needed to be told that when funds are brought into being in huge amounts by Government borrowing at the banks, deposits or actual money in circulation, or both, may be expected to increase proportionately.

Certainly everybody well understands that the Government is not borrowing from the banks to accumulate balances to its credit. Every school child knows that it is, and has been all along, spending these moneys as fast as it obtains them. It is obvious that in "spending" them, it passes them along to those from whom it purchases goods and services and to whom it owes interest. Sellers of goods and services must, of course, pay their employees and their suppliers who in turn have suppliers and employees. In a word, the funds which the Government obtains at the banks—funds which did not exist before—are quickly distributed in the normal course of affairs to the general public.

Of Course!

Now, to be sure there is no one in the country who does not know that the Government has been greatly increasing its borrowings from the banks and has been proportionately increasing the volume of its expenditures. That being the case, one scarcely needs to examine the regular bank reports to know that deposits are gaining at a greatly accelerated rate, and it is difficult to understand how anybody who reads the daily papers with more than cursory attention could be ignorant of the fact that money in circulation is likewise increasing by leaps and bounds. It is true, of course, that the ordinary bank report does not distinguish between deposits to the credit of corporations

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H. L. Federman Now With Ira Haupt & Co.

The program of expansion announced by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange, on Oct. 1, when the business of Newman Bros. & Worms was consolidated with their firm, was continued when H. L. Federman joined the organization in charge of the statistical department which is being enlarged.

Mr. Federman was with the firm of Hirsch, Lilienthal & Co. for more than 15 years. He is a graduate of the New York School of Commerce and the New York University Graduate School of Business Administration. Mr. Federman is Vice-President of the Alumni Association of the New York University Graduate School and is a director of the U. S. B. & M. Liquidation Corporation.

Sharp & Bias Partners In Shuman, Agnew Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — James L. Sharp and R. William Bias have become partners in Shuman, Agnew & Co., 300 Montgomery Street, members of the San Francisco Stock Exchange. Both have been with the firm since its formation; in the past Mr. Bias was with Mitchum, Tully & Co.

Other members of the partnership are J. Robert Shuman and William H. Agnew, the San Francisco Exchange member.

New NYC-Buffalo Wire

The unlisted trading department of Wertheim & Co., 120 Broadway, New York City, has installed a wire to Doolittle, Schoellkopf & Co., Liberty Bank Building, Buffalo. Both firms are members of the New York Stock Exchange.

Chicago Tractions Afford Investment Opportunity

By WHITMAN C. HAFF

The Chicago Surface Lines have been in receivership since 1927, yet all during the past 15 years of receivership, and since issuance, the Chicago Railways Company, the Chicago City Railways Company and the Calumet and South Chicago Railway Company have not only paid their 5% interest on their first mortgage bonds in each full year, but have reduced their principal 25%, 15% and 35% respectively.

This is really a most remarkable performance, when one considers the business depression that existed during the greater part of this period, and is equaled by few if any other traction companies. These bonds are now selling in the middle 50s, yet in 1937 they sold in the low 80s.

The Chicago Surface Lines System is the largest privately owned street railway in the world. During 1941, 689,282,697 revenue passengers were carried. The 7 cent fare, which has been in effect since 1923, has recently been increased to 8 cents. This advance was made possible by the issuance of only a temporary order by the Illinois Commerce Commission but since the Commission has acted constructively in the past it is not too much to expect that its final order will be of a favorable nature in which event it will naturally go a long way toward providing increased earnings this year and in later years.

Traction companies with few, if any, exceptions, are experiencing a period of prosperity not enjoyed since 1929 and from all indications, further gains in traffic and profits will continue, as the effects of gasoline rationing and tire shortages become more pronounced. With costs reasonably well controlled, profits should attain even higher levels under the circumstances.

The traction industry has no serious tax problem since heavy investments in trolley car equipment exempt most companies from the excess profits tax under the invested capital option.

At the present time these issues are carrying the August 15th interest of $2\frac{1}{2}\%$ that the Federal Court has not as yet authorized

(Continued on page 1799)

$1,000 Fine, "Emphatic Criticism" Administered By NASD Conduct Comm. In Dealer Profits Case

The Nov. 1 issue of the NASD "News," published by the National Association of Securities Dealers, Inc., contained the following report of the action taken by an Association District Business Conduct Committee in a case concerning the amount of profit obtained by a securities dealer:

"The Committee, in its consideration of these transactions, rejected as specifically contrary to the intent and principles of the Rules of Fair Practice of the Association, particularly Section 4 of Article III thereto, the contention that the profit charged a customer in any individual transaction can be justified on the basis of the average margin of profit earned by a member on all of its transactions.

"The above is an extract from an opinion of a District Business Conduct Committee in a case involving findings that the member had charged customers unfair prices. In part, the member's defense was that the profit margins which formed the basis of the complaint were made in line with the policy of the organization to realize a certain average profit on all transactions.

"A fine of $1,000 was imposed by the DBCC with which was coupled 'most emphatic criticism' of the member's practice 'because of the fact that its practices with respect to profits had been the subject of previous censure by the Committee.'

"Testimony at the hearing of this complaint disclosed that the firm, prior to the initial censure of its profit policies by the DBCC in mid-1940, effected sales of bonds to its customers as a regular practice at a fixed profit of five points above its cost. As a result of the Committee's criticism, this was reduced to $4\frac{3}{4}$ points. Further testimony developed that the firm's schedule of so-called 'maximum' profits was a goal consistently achieved without regard for relationship of price charged to prevailing market except under the terms of the schedule described."

J. C. Riepe To Be Alex. Brown Partner

BALTIMORE, MD.—Announcement is made that J. Creighton Riepe will be admitted to partnership in the firm of Alex. Brown & Sons. Final arrangements are subject to formal approval of the New York Stock Exchange. Mr. Riepe has been Manager of the firm's municipal bond department.

Mr. Riepe entered the investment banking business in 1921 and is well known to municipal bond dealers throughout the country. He was for several years Chairman of the Municipal Securities Committee of the South-Eastern Group of the Investment Bankers Association, as well as a member of the National Committee, and is now Secretary-Treasurer of the South-Eastern Group of that Association. He is a past President of the Baltimore Bond Club.

Alex. Brown & Sons is the oldest banking house in the country, having been established in 1800. Other partners of the firm are B. Howell Griswold, Jr., Charles S. Garland, Lt. Alexander Brown Griswold (U. S. Army), Lt. Benjamin H. Griswold, III (U. S. N. R.), F. Grainger Marburg, William J. Price, III, and Col. Wm. Wallace Lanahan, A. S. C.

Louisville Dealers Hold Stag Session

LOUISVILLE, KY.—The investment dealers of Louisville held a stag session at the Pendennis Club in honor of the anniversary of their first "cracker barrel" session held in Washington in November of last year.

Among the guests attending the session were Judge Healy and Commissioners O'Brien and Pike of the Securities and Exchange Commission, and Joseph Schneider, Kentucky Securities Commissioner and President of the National Association of Securities Commissioners.

Bache Co. Consents To WLB Wage Jurisdiction

Reversing its former stand, J. S. Bache & Co., members of the New York Stock Exchange, has consented to the jurisdiction of the National War Labor Board in its dispute with employees over wages.

William J. Walker, attorney for the company, said the firm has consented to the Board's jurisdiction on the wage question and request that the Board proceed without prejudice to firm's right to object to jurisdiction over the company on any matters other than wages.

The firm's previous objection to the WLB assuming jurisdiction over the controversy was reported in our issue of Nov. 5, page 1631.

Russell Schaffer To Head Rambo-Keen Dept.

PHILADELPHIA, PA.—The investment firm of Rambo, Keen, Close & Kerner, Inc., 1518 Locust Street, announces that Russell W. Schaffer has become associated with them as manager of their municipal bond department. Mr. Schaffer was formerly in charge of trading in the local office of Mackey, Dunn & Co., with which he was connected for a number of years.

Florida Municipal Bulletin

Allen & Co., 30 Broad Street, New York City, are issuing their current bi-monthly bulletin on Florida municipal bonds, copies of which will be sent by them upon request.

McManaway Named Pres. of McAlister-Smith

GREENVILLE, S. C.—McAlister, Smith & Pate, Inc., investment securities house with offices in Greenville and Charleston, S. C., and Charlotte and Asheville, N. C., announce the election of Herman B. McManaway of Greenville as President, succeeding Joseph F. McAlister, who has entered the armed forces.

Mr. McManaway is rounding out nearly 20 years in the investment field and has been associated with McAlister, Smith & Pate, Inc., since July, 1941.

McAlister, Smith & Pate's main office is located in the Woodside Building, Greenville, S. C.

NSTA Service Flag

The following are members of the Baltimore Security Traders Association who are now serving in the armed forces. The Baltimore Association is an affiliate of the National Security Traders Association:

William H. Boggs, Frank B. Cahn & Co.

William A. Brown, Mackubin, Legg & Co.

Calvert J. Cahn, Frank B. Cahn & Co.

Robert P. Chambers, Mackubin, Legg & Co.

Alan F. Daneker.

Bernard E. Eberwein, Alex. Brown & Sons.

Malcolm G. Keech, Mercantile Trust Co.

David C. Kratzer, Stein Bros. & Boyce.

David C. McIntosh, Alex. Brown & Sons.

C. Benjamin Mitchell, Jr., Mitchell & Co. (New York City).

Charles Albert O'Connor, Alex. Brown & Sons.

William C. Roberts, Jr., Colonial Bond & Share Corp.

Gilford H. Teeple, G. H. Teeple & Co.

Norville E. White, W. W. Lanahan & Co.

Sanford A Lt. In Navy

J. B. Sanford, Jr., partner and manager of the Jackson, Miss., office of White, Hattier & Sanford, New Orleans, La., has received a commission as a Lieutenant (J. G.) in the Armed Guard of the U. S. Navy, and is to report on Nov. 30 to San Francisco, Calif. He is taking a leave of absence from his firm for the duration of the war.

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Subscriptions in United States and Possessions $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year. NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Sam McFalls Partner In McDaniel Lewis Co.

GREENSBORO, N. C.—McDaniel Lewis & Co., Jefferson Building, announce that Sam McFalls of Charlotte has now become associated with the company as a partner in the investment securities business.

Mr. McFalls is assuming his new duties in Greensboro immediately. For 14 years he has been associated with R. S. Dickson & Co. in various capacities and has in recent years been trading in corporate and municipal securities in the Carolinas and Virginia.

McDaniel Lewis, senior partner of the company, has been engaged in the municipal securities business in Greensboro for about 23 years. The new partnership brings together men of experience, both in the municipal and corporate field.

Robt. & T. E. Borton With Wm. J Mericka

(Special to The Financial Chronicle)

CLEVELAND, OHIO—T. Ernest Borton, member of the Cleveland Stock Exchange, and Robert E. Borton have become associated with the Cleveland Exchange firm of Wm. J. Mericka & Co., Inc., Union Commerce Building. Both were formerly officers of Borton & Borton, Inc., which has been dissolved.

Also joining the Wm. J. Mericka & Co. staff are Arthur G. Hatry and Daniel M. Sheehan, Jr., who were previously with Borton & Borton.

Capital Gains & Losses

Stix & Co., 509 Olive Street, St. Louis, Mo., have issued an interesting folder summarizing the changes which the Revenue Act of 1942 has effected in the treatment for income tax purposes of capital gains and losses. Copies of this folder may be had from the firm upon request.

DEALER BRIEFS

Miami, Fla.

There has been a stronger demand lately for all Florida bonds, with offerings none too plentiful. The market has been stimulated by the passage of the gas tax amendment, definitely allocating two cents of the gas tax for a period of fifty years to payment of road and road district bonds. This has caused a price rise in this type of bond from which the entire market has benefited. Fundamental conditions throughout the State are excellent, with good crop prospects, war activity at a high level, and a substantial number of winter residents already here. We look for further increases in bond prices, particularly in some of the city bonds which have been lagging behind the rest of the market.—*A. B. Morrison, A. B. Morrison & Co.*

Portland, Ore.

The election on Nov. 3 in Oregon, Washington and California shows a most unfavorable trend to the Public Power movement on the Pacific Coast. Congressman Pierce of Eastern Oregon, who has been a rabid Public Power enthusiast, is retired to the sidelines. Our new Congressional district turned down the Democrat candidate who was formerly an employee of Bonneville Authority. Two leading exponents of Public Power in the State of Washington, Congressmen Knute Hill and Smith, introducers in the House of many Public Power bills sponsored by Secretary Ickes, lost out to candidates who still believe in the private enterprise system. California's new Governor is another case of too much Public Power and other crackpot ideas on the part of the present administration. It begins to look as though we, in the Pacific Northwest, have had "our fill" of Public Power, and the securities of our utilities in this section are attracting much favorable attention.—*E. M. Adams, E. M. Adams & Co.*

Pacific Northwest corporate securities have for the past several years so far outshown the averages of the New York Stock Exchange that to make actual comparisons would practically recommend that the investor purchase stocks or bonds of companies in this locale. Shortage of manpower for war construction work may draw from larger corporations and as a result we may see lower earnings. Broadly speaking, however, conditions here are excellent and we expect them to stay that way.—*John G. Galbraith, John Galbraith & Company.*

Reed & Cutter Admit

Reed & Cutter, 30 Broad Street, New York City, have admitted Torrey Mosvold to limited partnership in their firm. Other members of the firm are J. Arthur Reed and George H. Cutter, Jr., general partners.

E. A. Pierce Declares All Have Vital Stake In Preserving and Developing Securities Market

The idea that the securities market was created and is operated for the exclusive benefits of the rich is "insufferably stupid" and "it has worked injury to our country and everybody in it," E. A. Pierce of Merrill Lynch, Pierce, Fenner & Beane, the country's largest brokerage and investment firm, declared on Nov. 13 in a talk before the Kiwanis Club at San Antonio, Texas.

Mr. Pierce defended the New York Stock Exchange and its function and said that the Exchange was the least understood institution in the country for which fact he blamed the "superficial theorists." Labor, he said, has a vital interest in preserving the securities market, while the farmer, the white collar class, the unemployed, and Government itself, "have a vital stake in preserving and developing the securities market."

Mr. Pierce asserted that "liquidity, especially at this time, is essential and you can't have liquidity without a reasonable degree of activity. We can't have the free flow of funds and credit that are necessary to a fair degree of prosperity if the stagnant markets that have obtained much of the time for several years are continued." Mr. Pierce continued:

"And, you can't have worthwhile activity until and unless the general public understands that its own interest demands the wide diffusion of honest information and orientation on security markets and security exchanges. With about one-third of the wealth of the country represented by securities listed on the New York Stock Exchange it is not an organization to disregard."

The New York Stock Exchange, he said, happens to symbolize security market operation to a far greater extent than any other institution in the country, which was why he used that exchange as an illustration. Few people know that this Exchange was called into being, and exists today solely because the needs of individuals and the requirements of the national economy demanded it, Mr. Pierce asserted. He pointed out that it was in response to the financial needs of a struggling new government that the Exchange was founded in 1792.

Mr. Pierce advised persons contemplating the purchase of securities to consider them as they would other kinds of property, which are subject to similar vicissitudes and in which the speculative element is no less present than in stocks and bonds. He cited the losses on real estate in the decade starting with 1930 as an example.

Dealers Applaud Editorial Protesting Attempt Of SEC To Ignore Lawful Property Rights

In the first section of the "Chronicle" of Thursday, Nov. 12, there appeared an editorial entitled "Shall Personal Property Rights Be Abrogated By Bureaucratic Edict?" protesting the attempt of the SEC to set aside, insofar as dealers in securities are concerned, the Constitution-guaranteed right of any one to dispose of property that is lawfully his on whatever terms he chooses. The article challenged the right and justice of the SEC in contending that dealer profits not consonant with the Commission's ideas in the matter constitutes fraud. A number of dealers have sent in letters expressing their appreciation and approval of the editorial. Some of these communications are given below:

DEALER NO. 1

Let us sincerely compliment you on the article in the Nov. 12 issue, "Shall Personal Property Rights Be Abrogated By Bureaucratic Edict?"

This article is certainly along the right line, and we believe that you hit the nail right on the head. We hope that you will expand and amplify this in subsequent articles and keep up a barrage along this line until the SEC, the NASD and the entire investment fraternity is thoroughly aroused to fight and to eliminate the theory that because the SEC does not like a dealer's profit, perforce it constitutes a fraud. This theory in itself is a fraud on the investment banking profession.—*From a Rockford, Ill., Dealer.*

(Continued on page 1799)

Garner, Kuhn Assist NY Victory Fund Group

Perry E. Hall, Executive Manager of the Victory Fund Committee for the Second Federal Reserve District, announced on Nov. 16 that Robert L. Garner, Vice-President and Treasurer of Guaranty Trust Company of New York, and R. Parker Kuhn, Vice President of The First Boston Corporation, have each taken a leave of absence from their respective organizations to assist the New York Victory Fund Committee in connection with the large Treasury drive which will be launched on Nov. 30. Mr. Garner and Mr. Kuhn will collaborate with Francis T. Ward, Vice-Chairman of Region 8, which is Manhattan Island, in connection with the sale of government bonds in New York City.

Ins. Stocks Look Good

Attractive possibilities are offered by the current situation in American Insurance Company, Continental Casualty Company, Continental Insurance Company, Fidelity-Phenix Fire Insurance Company, Hanover Fire Insurance Company, Jersey Insurance Company, New Hampshire Fire Insurance Company, Northwestern National Insurance Company, Pacific Indemnity Company, Reinsurance Corporation of New York, and Security Insurance Company, as indicated in these companies' reports for the six months to June 30, 1942 according to memoranda just issued by Mackubin, Legg & Co., 22 Light Street, Baltimore, Md., members of the New York Stock Exchange and other exchanges. Copies of these memoranda may be had from the firm's bank and insurance stocks department upon request.

REAL ESTATE SECURITIES

RECORD OF 10 EAST 40th STREET BUILDING, INC. SINCE REORGANIZATION

In 1933, a plan approved by the Court was consummated effecting the property owned by the corporation, which comprises the land owned in fee and the 44-story store and office building erected thereon, at 10-14 East 40th Street and 7-11 East 39th Street. The land area approximates 15,000 square feet and the building completed in 1928 contains more than 340,000 square feet of rentable area. Arnold Constable & Co. occupy the first six floors and basement under lease for a period extending to Sept. 30, 1957.

At the time of reorganization, $5,373,500 First Mortgage 6% bonds were outstanding. In reorganization each deposited $1,000 old bond was exchanged for new securities as follows:

$600 First Mortgage 5% fixed interest bond due 1953

$500 6% Non-Cumulative Income Debenture

5 Shares of Class "A" stock

Authorized new first mortgage bonds amounted to $3,054,600, authorized debentures totaled $2,545,500. First mortgage indebtedness was reduced about $2,300,000 by this procedure. A sinking fund provision in the new indenture sets aside all net income up to $100,000 per annum, after 5% interest but before depreciation for purchase or redemption of first mortgage bonds. Any remaining earnings are allocated to interest payments, payable as declared by the board of directors, on the debentures. The company has by use of funds available for sinking fund purposes purchased and deposited with the Trustee for cancellation $881,500 first mortgage bonds. During the period from March 1, 1935 through Aug. 31, 1942, actual earnings for interest on the debentures amount to $218,408.29. At the discretion of the board of directors, a portion of these funds have been used for additional purchases of first mortgage bonds, the balance sheet as of Aug. 31, 1942, showing $257,100 bonds held in the Treasury. Through cancellation and Treasury purchases, the amount of first mortgage bonds now outstanding with the public amount to $1,916,000 or in other words, a reduction of $1,138,600 has been made in the first mortgage indebtedness since reorganization.

The Directors have just announced that a 1% interest distribution will be made Dec. 1, 1942 on the $2,545,500 outstanding debentures which have accrued accumulated interest thereon of approximately 8.56% per $1,000.

At the present time, the property is about 95% rented with a rent roll about $20,000 in excess of rents received in the fiscal period ended Aug. 31, 1942. The year ended as of that date showed net income before depreciation of $151,184.82 sufficient for the full first mortgage sinking fund of $100,000 leaving $51,184.82 as earned and applicable as interest on the debentures.

Just what the policy of the Board of Directors will be from this point on is difficult to foresee but it appears to be favorable to the holders of the corporations' securities. In arriving at such a conclusion, consideration has been given to the fact that at the time of reorganization, the amount of first mortgage bonds outstanding exceeded by about $600,000 the amount of outstanding debentures, while at the present time outstanding debentures exceed by about $600,000 the outstanding first mortgage bonds of $1,916,000 on the property assessed at $4,500,000. Due to this change in ratio, and the fact that bonds held in the Treasury are about two years ahead of sinking fund requirements, it is possible that some fair sized liquidations of unpaid accumulations on the debentures may be made, as well as some continuation of purchases of first mortgage bonds for future retirement. Certainly the equity position of the first mortgage bonds has been materially improved since reorganization and consequently first mortgage reduction has improved the relative position of the Debentures and the Class "A" stock attached thereto.

The securities trade as a "Unit" (1st mortgage, debenture and stock) or separately, the first mortgage bond yielding approximately 5¾% and the Debenture, based on 1% payment in December, yielding approximately 6¾% at current levels.

Hammond Commissioned

LOS ANGELES, CALIF.—William R. Staats Co. announces that leave of absence for the duration has been granted Theodore E. Hammond, Executive Vice-President, as he has received a commission of Lieutenant Commander in the United States Naval Reserve.

Mr. Hammond has long been identified with the financial, ship building and civic life of Los Angeles, formerly in partnership with his late brother, Paul B. Hammond, and latterly as an officer of the investment firm of William R. Staats Co. During World War I, Mr. Hammond was commissioned in the Fleet Naval Reserve.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BEVERLY HILLS, CALIF.—**Wirt G. Close** has become associated with **Amerax Corporation**, 205 South Beverly Drive. Mr. Close was previously with Witherspoon & Co., Inc., Stephenson, Leydecker & Co., and Wm. Cavalier & Co.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Montgomery Cohen** is with **Hunnewell & Co.**, 49 Federal St.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Philip H. Morton** is associated with the staff of **R. W. Pressprich & Co.**, 201 Devonshire St.

(Special to The Financial Chronicle)

DETROIT, MICH.—**Louis G. Olson, Jr.**, has become affiliated with **R. C. O'Donnell & Co.**, Penobscot Building. Mr. Olson was previously with Baker, Simonds & Co. and P. A. Hastings & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Charles H. Richards** has joined the staff of **H. R. Baker & Co.**, Bank of America Building. Mr. Richards was previously with Searl-Merrick Company.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Melvin Harold Smith**, formerly with Floyd A. Allen & Co., is now with **G. Brashears & Co.**, 510 South Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Theodore Winecoff** has become associated with **Merrill Lynch, Pierce, Fenner & Beane**, 523 West Sixth St. Mr. Winecoff was previously with Davies & Co. and prior thereto with Post & Flagg.

(Special to The Financial Chronicle)

MADISON, WIS.—**Edwin Steussy** has become connected with **The Milwaukee Company**, 207 East Michigan St., Milwaukee. Mr. Steussy was formerly with Holley, Dayton & Gernon.

(Special to The Financial Chronicle)

RIVERSIDE, CALIF.—**Carl J. Conrad** has joined the staff of **J. A. Hogle & Co.**, which has absorbed the Riverside branch of Davies & Co., 3640 Main St., of which Mr. Conrad was manager.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Francis E. Wilcoxon** is now connected with **H. R. Baker & Co.**, Russ Building.

Portland Bond Traders Elect New Officers

PORTLAND, ORE.—Homer Bateman of Ferris & Hardgrove was unanimously elected President of the Portland Bond Traders Club for the ensuing year at a recent annual meeting. George F. Patten, Jr., of E. M. Adams & Co., was elected Vice-President and Wallace E. Frazier of Blyth & Co., Secretary-Treasurer.

President Bateman, formerly of San Francisco, has been in the securities business in Seattle and Portland the past 10 years and with his wife and daughter now resides in the latter city. He is said to be working on a plan whereby the Portland Club may be of assistance to the investing public in its purchase of War Bonds and Stamps and in this endeavor he has the whole-hearted support of the entire club.


Homer J. Bateman


G. F. Patten, Jr.


Wallace Frazier

NY Stock Exchange Amends Rule On Trading Hours For Flexibility In Case Of Air Raid Alarms

The Board of Governors of the New York Stock Exchange, at a meeting on Oct. 29, amended its rule regarding the hours of trading by providing for flexibility in trading hours in the event of air raid alarms or other emergencies during a business day. The change in the rule makes it possible (1) to postpone the opening, (2) to advance the closing, (3) to close temporarily and reopen, or (4) to extend the trading hours for a short period beyond the normal closing (the latter only if it should appear to be necessary to facilitate the proper handling of business on the Exchange).

The Governors adopted another rule under which the Exchange may prescribe another hour for the performance of acts which should have been completed on the day the trading hours were changed.

The Board has also determined that in the event of a public air raid alarm in New York City, the following rules shall be applied:

1. If an alarm is in effect at the time the Exchange would normally be opened, the opening will be postponed until after the public all clear signal.

2. If an alarm is given during the time the Exchange is open for business, an interior signal will be given which shall automatically terminate all trading on the Floor.

3. The termination of trading under the circumstances shall have the same effect on bids and offers as a closing of the Exchange.

4. Upon such termination of trading all open agreements to

The Securities Salesman's Corner

SOME OBSERVATIONS PERTAINING TO SELLING INVESTMENTS TO DEFENSE WORKERS

This department recently received an interesting letter from Mr. W. F. Flury of Paul H. Davis & Co., Chicago, Ill., in which we were asked if we had any ideas upon the subject of how to develop investment business among executives and employees of defense industries. Mr. Flury enclosed some statistics which were taken from the August, 1942, edition of "Fortune" magazine which indicates the exceptional increase in wages paid to salary groups as follows:

Total Income by Wage and Salary Groups
(In Billions)

Wage & Salary Groups—	1936	1939	1941	1942
Under $1,000	$10.8	$12.4	$7.8	$5.9
$1,000 to $3,000	30.2	34.7	42.0	45.6
$3,000 to $5,000	6.6	7.7	17.2	22.5
$5,000 to $10,000	4.1	4.9	9.5	12.6
$10,000 and over	7.6	10.2	18.4	24.3
Totals	$59.3	$69.9	$94.9	$110.9

If we analyze the above figures it is interesting to note that although every group with the exception of those under $1,000 made gains between 1936 and 1942, there is a surprising increase in salaries above the $10,000 class. These figures are, of course, before income taxes.

There may be some who hold the opinion that there is a large volume of business to be obtained by investment firms among the wage earning, lower salary, and income groups, under $5,000 per annum. It is the opinion of this column that this class of business is unprofitable in the long run.

Our own experience, and those with whom we have discussed the subject, has shown us that most often it costs more to sell securities to this group of individuals than the business is worth, either in actual or potential profits.

The securities business is not a business that can successfully be conducted on the basis of large volume and small profits. A salesman can spend very much more time in the process of educating a person who has never bought securities, than he does in creating a new account out of an individual who understands investments. Even if he sells the uninitiated small investor, his profit and his commission do not justify the effort involved; whereas a larger and more substantial investor can readily give him an order that is profitable and makes the business worth while.

Again we have found that there is no more thankless job than to educate people into becoming investors. Most of the people who have never taken the time to study and learn about American industry, about what makes the wheels go round, about the place of prominence in the nation's forward progress which has been made possible by corporations and corporation finance, or about the vital role which has been played by the investment industry in the development of our country—these are the people who are either CIOers, New Dealers, Communists, Left Wingers, or anti anybody and everybody who isn't either a labor union man or what they choose to call a "worker" with a capital "W." Of course, there are some in this group who can be sold securities. The point we wish to make is that we believe it is too much of a job to justify what any salesman can get out of it, to make the effort worth while.

Among the group who can be classed as executives and managers of industry, we do believe there is a worthwhile field for cultivation. Here we have men who are not anti-capital; they know what makes the wheels go round, they are not prejudiced against private initiative and security investments, they are interested in providing for their own future, and they probably own investment securities and are interested in acquiring more of them. Despite the impact of high income taxes on this group which earns $10,000 and over, this is where we would work. Next week we will offer certain suggestions which have been helpful in contacting these business executives.

P.S.—There may be some of our readers who disagree with these opinions regarding the inadvisability of attempting to sell investments to defense workers making less than $5,000 per annum. If so, we would be pleased to have your comments and will present them in this column if they appear to bring out another side of this problem. Please address your communication to the "Securities Salesman's Corner."

"stop" securities shall become effective.

5. If trading is resumed the same day, bidding and offering on the Floor at the reopening shall be conducted as at any other opening, but for other purposes a trading session so interrupted shall be regarded as a single session.

6. All day orders shall be regarded as good for the entire day regardless of any interruption of trading.

7. A period of at least 20 minutes will be allowed between the public all clear signal and the opening or reopening.

It is contemplated that as soon as possible after the public all clear signal is given necessary notices concerning procedure will be published on the tape, including the time of reopening, the time of final closing, etc.

Brush, Slocumb Moves

SAN FRANCISCO, CALIF.—Brush, Slocumb & Co. have moved to new and larger quarters at 1 Montgomery Street.

Clokey-Miller Moves; E. Clokey Retires

Clokey & Miller announce that on Oct. 31, 1942, Edmund Clokey retired from their firm as a general partner but will continue to have his office with them. Gerald Clokey, senior partner, and Otto J. Delfs will continue the business of the firm as heretofore in their new offices at 61 Broadway, New York City, to which they moved on Nov. 12.

Burnside Winslow Is With Paine Webber

(Special to The Financial Chronicle)

NEW HAVEN, CONN.—Burnside Winslow has become associated with Paine, Webber, Jackson & Curtis as co-manager of their local office at 205 Church St. Mr. Winslow was formerly Vice-President of Hincks Bros. & Co., Inc., and in the past was an officer of Winslow, Day & Stoddard.

RAILROAD SECURITIES

A modest "peace market" developed last week following the week-end announcement of the opening up of a new front in North Africa. Selling pressure was relatively light even in the opening sessions, the market being characterized by a shading of bids rather than anything else. Buying interest throughout the week was negligible.

Reflecting the surprise declaration of interest payments by the court, the St. Louis Southwestern liens were notably firm during even the early peace selling, but later in the week the 2nd 4s, 1989 fell victim to the desultory nature of the general market. This is one of the most highly favored of the higher priced reorganization railroad obligations, and at the recent price level slightly under 75 is considered fundamentally substantially underpriced.

The interest payment recently authorized on the Cotton Belt 2nd 4s amounts to $100 per bond, and will reduce accumulations on the old security to the proposed effective date of the plan to $80. The proposed effective date of the reorganization is January 1, 1942 so that there is also an accumulation of one year's interest on the new bonds allocated. Under the plan, the 2nd 4s are given par for par of their entire claim in new Consolidated Mortgage bonds bearing fixed interest at the rate of 4%. By the end of this year, therefore, the old 2nd 4s will be entitled to an additional $40 per bond representing earnings on their new securities.

The balance of the accrual on the old bonds plus the accruals on account of the new bonds should, it is expected, be liquidated fairly early next year. The payment already authorized plus the accruals to the end of 1942 would reduce the net cost of the old 2nd Mortgage 4s to around 52¾. The new Consolidated Mortgage of a reorganized Cotton Belt should command materially higher prices even under present relatively unfavorable general railroad bond market conditions. The confidence with which the Interstate Commerce Commission views the long term future outlook for the properties is apparent from the fact that this is the only reorganization property in which the entire allowable new funded debt was put on a fixed interest basis. There are to be no Income bonds in the revised capitalization.

Of course consummation of the reorganization is a long way off as considerable opposition to the terms has developed, and even a District Court ruling on the plan will not be forthcoming until well into 1943. Court hearings on the plan were just recently completed and interested parties have until Feb. 1 to file briefs. The time element should have little influence on the market action of the 2nd Mortgage bonds, particularly if they are put on a regular interest basis next year.

The reorganization is a realistic one, reducing obligatory requirements to a level readily supportable under virtually all traffic conditions. Fixed charges were cut just about in half, to roundly $1,500,000. In only two years of the depression decade would income available for charges have fallen below that figure. Even with these two indicated deficit years the new fixed charges would have been covered 1.39 times on the average for the 10 years 1931-1940. Last year, which is not included in the average because of the particularly wide influence of the war on operations of Cotton Belt, these charges would have been covered approximately five times.

In common with other roads serving the southwestern and central western sections of the country, Cotton Belt continues to be a major beneficiary of traffic dislocations arising from the war effort (specifically the wide gain in westbound freight movement). Taxes have taken a heavy toll of the increased revenues, having risen to $7,910,000 in the first nine months compared with $1,675,000 a year earlier. The road is believed to be the only reorganization property with earnings high enough to necessitate payment of an excess profits tax, a liability which hardly seems compatible with the Commission's ruling that the old stocks are valueless.

Despite this heavier tax burden, net operating income for the nine months through September was about a third larger than in the like 1941 interval. Further gains are looked for in the final quarter, with the full year's income estimated at at least seven times the proposed new fixed charges. Another factor to be considered as adding strength to the new bonds is the rapid accumulation of cash, some of which may well be utilized to reduce debt even further.

Interest Payments On Danish Bonds

Henrick Kauffmann, Danish Minister in Washington, on Nov. 17 made the following statement for the information of bondholders:

"For the purpose of paying Dec. 1, 1942, coupons of City of Copenhagen 25-year 5% gold bonds, due June 1, 1952, and Dec. 1, 1942 coupons of Mortgage Bank of the Kingdom of Denmark (Kongeriget Danmarks Hypotekbank) 45-year 5% sinking fund external gold bonds series IX, of 1927, due Dec. 1, 1972, I propose to put the particular paying agents in funds so far as it is estimated to be necessary to make coupon payments to holders, other than residents of Denmark, of bonds of these two issues.

"Dec. 1, 1942, coupon payments will be subject to such licenses as may be granted to paying agents by the United States Treasury."

Defaulted RR. Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: high—44; low—14¾; Nov. 18 price—40½.

Bank and Insurance Stocks

This Week — Bank Stocks

By H. A. LEGGETT

Some of the broad general principles of the war financing program are beginning to take shape and, according to present indications, a strenuous effort will be made to follow orthodox procedure—at least as far as it will go. In the past, whenever it has been necessary for the Government to raise money quickly and in large amounts, the usual course has been to work primarily through the Commercial banks. Their function has been more or less that of primary underwriters of new Government issues rather than of becoming permanent investors themselves.

Banks of deposit normally take up the bulk of short-term government paper and, in addition, whatever amount of medium and long-term bonds circumstances call for at the time of issue. The latter securities are then "fed out" gradually, as market conditions permit, to savings banks, insurance companies and to miscellaneous institutional or private investors. Thus the long-term debt of the country ultimately winds up, as theoretically it should, in the hands of those generally classed as long-term investors.

Obviously the present scale of financing is much too gigantic, and much too urgent, to be handled along purely routine lines. The so-called "long-term investors" haven't enough free money, and will not respond quickly enough, to absorb the unprecedented avalanche of Government Bonds now being issued. Therefore, the commercial banking system must resign itself and prepare itself to carry a very substantial amount of the government debt for a much longer time than has been common practice in the past. In order to unfreeze the banks it will probably be necessary, sooner or later to institute some program of "forced saving" (or whatever the semanticists may decide to call it). Apparently, voluntary subscriptions to War Bonds will never suffice and some method must be found to siphon off the excess purchasing power which is aggravating the inflation trend and to tap further such other funds as, left to themselves, will doubtless prove to be too little and too late.

For the time being, however, every effort is being made to handle the situation on a conventional, as well as on a voluntary, basis. Victory Fund Committees, composed of leading bankers and government bond dealers, have been established throughout the country. Working in close cooperation with the Treasury Department in Washington, these committees are campaigning actively and vigorously — through the press, the radio, the motion picture, and by individual speaking tours—to corral every spare dollar they can find and direct it into War Bonds or Stamps. The United States Treasury is doing everything it can to encourage this drive by offering a broad variety of securities, in such denominations and maturities that every type of investor can be effectively brought into the program.

According to reports from Washington, the Treasury Department is committed to a definite policy of having the banks confine themselves largely to government securities with a maturity of ten years or less and of encouraging the insurance companies, other institutions and private investors to take on most of the longer term maturities. That this policy is being successfully put into effect is evidenced by a recent study of the Treasury showing the amount of different maturities held by various investors. This study shows that, in the first seven months of this year, bank holdings of the longer maturities actually declined while their holdings of one to ten-year maturities increased substantially. At the same time, holdings of the insurance companies and "other investors" in the shorter maturities declined as they added greatly to their long-term holdings. This is just the kind of trend which both the

(Continued on page 1796)

DIVIDEND NOTICES

Imperial Oil Limited

NOTICE TO SHAREHOLDERS AND THE HOLDERS OF SHARE WARRANTS

NOTICE is hereby given that a semi-annual dividend of 25c per share in Canadian currency, has been declared, and that the same will be payable on or after the 1st day of December, 1942, in respect to the shares specified in any Bearer Share Warrants of the Company of the 1929 issue upon presentation and delivery of coupons No. 53 at:

THE ROYAL BANK OF CANADA,
King and Church Streets Branch,
Toronto, Canada.

The payment to Shareholders of record at the close of business on the 16th day of November, 1942, and whose shares are represented by registered Certificates of the 1929 issue, will be made by cheque, mailed from the offices of the Company on the 30th day of November, 1942.

The transfer books will be closed from the 17th day of November to the 30th day of November, 1942, inclusive and no Bearer Share Warrants will be "split" during that period.

The Income Tax Act of the Dominion of Canada provides that a tax of 15% shall be imposed and deducted at the source on all dividends payable by Canadian debtors to non-residents of Canada. The tax will be deducted from all dividend cheques mailed to non-resident shareholders and the Company's Bankers will deduct the tax when paying coupons to or for account of non-resident shareholders. Ownership Certificates must accompany all dividend coupons presented for payment by residents of Canada.

Shareholders resident in the United States are advised that a credit for the Canadian tax withheld at source is allowable against the tax shown on their United States Federal Income tax return. In order to claim such credit the United States tax authorities require evidence of the deduction of said tax, for which purpose Ownership Certificates (Form No. 601) must be completed in duplicate and the Bank cashing the coupons will endorse both copies with a certificate relative to the deduction and payment of the tax and return one Certificate to the Shareholder. If Forms No. 601 are not available at local United States banks, they can be secured from the Company's office or the Royal Bank of Canada, Toronto.

Under existing Canadian Regulations:

(a) Payment of this dividend to residents of enemy or enemy occupied countries is prohibited.

(b) Payment thereof to residents of other portions of Continental Europe or of the French Empire and China is prohibited but such residents may direct the deposit to their credit in a Canadian Bank of all amounts payable to them.

(c) Other non-residents of Canada may convert this dividend at current Canadian Foreign Exchange Control rates into such foreign currencies as are permitted by the General Regulations of the Canadian Foreign Exchange Control Board. Such conversion can only be effected through an Authorized Dealer, i.e., a Canadian Branch of any Canadian Chartered Bank.

Shareholders residing in the United States may convert the amount of the current dividend into United States currency at the official Canadian Foreign Exchange Control rate by sending at their own risk and expense, coupons, or dividend cheques properly endorsed, to The Agency of The Royal Bank of Canada, 68 William Street, New York City, which will accept them for collection through an authorized dealer, or direct to any authorized dealer of the Canadian Foreign Exchange Control Board.

Shareholders residing in countries other than the United States to whom payment is not prohibited as above noted may convert the amount of the current dividend by sending at their own risk and expense, coupons, or dividend cheques properly endorsed to The Royal Bank of Canada, King and Church Street Branch, Toronto, Canada, or to any other authorized dealer or to The Agency of The Royal Bank of Canada, 68 William Street, New York City, U. S. A., with a request for a draft in such foreign currency as is permitted in settlement of same, but they should first satisfy themselves that this action is not prohibited by the Foreign Exchange Control Regulations of the country in which they reside.

By order of the Board,
W. J. WHITLING, Secretary.

56 Church Street,
Toronto 3, Canada.
10th November, 1942.

INTERNATIONAL SALT COMPANY
475 Fifth Avenue, New York, N. Y.

A dividend of FIFTY CENTS a share has been declared on the capital stock of this Company, payable December 15, 1942, to stockholders of record at the close of business on December 1, 1942. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN, *Secretary.*

ELECTRIC BOAT COMPANY
33 Pine Street
New York, N. Y.

The Board of Directors has this day declared a dividend of fifty cents per share on the Capital Stock of the Company, payable December 10, 1942, to stockholders of record at the close of business November 25, 1942.

Checks will be mailed by Bankers Trust Co., N. Y., Transfer Agent.

H. A. G. TAYLOR, Treasurer
November 13, 1942.

Magma Copper Company
Dividend No. 81

On November 17, 1942, a dividend of Fifty Cents per share was declared on the capital stock of Magma Copper Company, payable December 15, 1942, to stockholders of record at the close of business November 27, 1942.

H. E. DODGE, *Treasurer.*

The New York Central Railroad Co.

New York, November 11, 1942.

A Dividend of One Dollar ($1.00) per share on the capital stock of this Company has been declared payable January 15, 1943, at the Office of the Treasurer, to stockholders of record at the close of business December 10, 1942.

R. P. AHRENS, *Treasurer.*

TEXAS GULF SULPHUR COMPANY

The Board of Directors has declared a dividend of 50 cents per share and an additional dividend of 25 cents per share on the Company's capital stock, payable December 15, 1942, to stockholders of record at the close of business December 1, 1942.

H. F. J. KNOBLOCH, *Treasurer.*

UGI

The current quarterly dividend of $1.25 per share on $5 Dividend Preferred Stock and a **dividend of 10 cents** per share on Common Stock have been declared, payable December 23, 1942 to respective holders of record November 30, 1942.

THE UNITED GAS IMPROVEMENT CO.
I. W. MORRIS, Treasurer
October 27, 1942 Philadelphia, Pa.

UNDERWOOD ELLIOTT FISHER COMPANY

The Board of Directors at a meeting held November 12, 1942, declared a dividend for the fourth quarter of the year 1942 of $1.00 a share on the Common Stock of Underwood Elliott Fisher Company, payable December 15, 1942, to stockholders of record at the close of business December 1, 1942.

Transfer books will not be closed.

C. S. DUNCAN, *Treasurer.*

American Woolen COMPANY
INCORPORATED

225 FOURTH AVE., NEW YORK, N. Y.

AT a meeting of the Board of Directors of the American Woolen Company held today, a dividend on the Preferred Stock of $2.00 a share on account of arrears was declared, payable December 10, 1942 to stockholders of record December 1, 1942. Transfer books will not close. Checks will be mailed.

F. S. CONNETT,
Treasurer
November 18, 1942.

FINANCIAL NOTICE

Notice to the Holders of:

Kingdom of Denmark

Twenty Year 6% External Gold Bonds, Due January 1, 1942
Thirty-Year 5½% External Loan Gold Bonds, Due August 1, 1955
Thirty-Four Year 4½% External Loan Gold Bonds, Due April 15, 1962

City of Copenhagen

Twenty-Five Year 5% Gold Bonds, Due June 1, 1952
Twenty-Five Year 4½% Gold Bonds, Due May 1, 1953

Danish Consolidated Municipal Loan

Thirty-Year 5½% External Sinking Fund Gold Bonds, Due November 1, 1955
Twenty-five Year 5% External Gold Bonds, Due February 1, 1953

Mortgage Bank of the Kingdom of Denmark
(Kongeriget Danmarks Hypotekbank)

Forty-five Year 5% Sinking Fund External Gold Bonds Series IX, of 1927
Due December 1, 1972

The undersigned Minister of Denmark in Washington makes the following statement for the information of bondholders of the above-described issues:

For the purpose of paying December 1, 1942 coupons of City of Copenhagen Twenty-Five Year 5% Gold Bonds, due June 1, 1952, and December 1, 1942 coupons of Mortgage Bank of the Kingdom of Denmark (Kongeriget Danmarks Hypotekbank) Forty-five Year 5% Sinking Fund External Gold Bonds Series IX, of 1927, due December 1, 1972, I propose to put the particular paying-agents in funds so far as it is estimated to be necessary to make coupon payments to holders, other than residents of Denmark, of bonds of these two issues.

December 1, 1942 coupon payments will be subject to such licences as may be granted to paying-agents by the United States Treasury.

In conformity with my announcement of October 7, 1942, I purpose to make subsequent announcements with a view to keeping bondholders informed of further developments relating to the above-described loans.

HENRIK KAUFFMANN
Envoy Extraordinary and Minister Plenipotentiary
of His Majesty the King of Denmark

Washington, D. C., November 18, 1942.

Becker Sells 10 Million In U. S. Bonds On Holiday

CHICAGO, ILL.—All the employees of A. G. Becker & Co., Inc., 120 South La Salle Street, in a special Armistice Day drive to aid the war financing program of the government, gave up their holiday and devoted the day to the sale of government securities exclusively.

At the close of the day the Chicago organization of the firm had turned in subscriptions for $10,156,875 made up of 430 individual corporation orders. This was the first time since Armistice Day has been a holiday in the financial community that the firm has been open for business on that day.

Sebring Bonds Interesting

Cohu & Torrey, 1 Wall Street, New York City, members of the New York Stock Exchange, have issued an analysis of the refunding bonds of the City of Sebring, Fla., copies of which are available from them upon request.

DIVIDEND NOTICE

KENNECOTT COPPER CORPORATION
120 Broadway, New York City

November 17, 1942.

A cash distribution of twenty-five cents (25c) a share and a special cash distribution of one dollar ($1.00) a share have today been declared by Kennecott Copper Corporation, payable on December 24, 1942 to stockholders of record at the close of business on November 27, 1942.

A. S. CHEROUNY, *Secretary.*

Investment Trusts

SINCE PEARL HARBOR

If there were still any doubt remaining as to the need for and effectiveness of soundly managed investment companies, the events since Pearl Harbor have wiped it out completely.

For what investor—or what investment manager, for that matter—could have foreseen the kaleidoscopic changes that have taken place in the past year? It is true that the war brought equally portentous changes to the world in the years **before** Pearl Harbor. But those changes seemed to be happening outside our sphere of life. It was not until we became victims of aggression that the majority of Americans began to relate what was taking place to themselves.

And when this readjustment to reality began, it created such unprecedented dislocations to our industry and commerce that the individual investor could not possibly cope with the situation adequately. In recognition of this, many investors simply withdrew entirely into unproductive cash and that is where many of them are today.

In contrast, those investors who put their funds into soundly managed investment companies have, as a group, fared well. They have benefited from the safeguards—the careful selection, constant supervision, broad diversification, etc.—which are provided by the modern investment company. They have enjoyed a good return on their money. They are in a position today to meet the future with equanimity. They have the assurance that they will participate reasonably in the full recovery which is presaged by recent Allied victories.

* * *

Investment Company Briefs

Taxes still hold the center of interest in the literature of investment company sponsors. The current issue of Keystone Corporation's "Keynotes" is devoted to the highlights of the new corporate tax rates. National Securities & Research Corp. analyzes the provisions of the new law affecting individual investors in its Nov. 12 issue of "Investment Timing." This discussion, entitled "The New Tax Act and the Investor," is one of the clearest and most helpful that we have seen. National Securities & Research Corp. is making the material available to dealers in folder form. A letter accompanying the folder points out that, "Logically investors look to their security dealer for advice. In an effort to help dealers and their clients, we offer reasonable quantities of the attached folder." (Their address is 120 Broadway, New York City).

* * *

One very interesting angle of the the new tax law is raised by the Parker Corporation in a recent letter to distributors of Incorporated Investors. We quote:

"Under the Federal Revenue Code, as amended by the Revenue Act of 1942, an open-end investment company has the option of electing in any year whether to be treated, for tax purposes, as a regular corporation or as a regulated investment company. Once the option has been taken to be a regulated investment company, the decision is final and the status may not again be changed.

"Up to now, Incorporated Investors has chosen to qualify as a regulated investment company (previously called a 'mutual investment company') because, in the judgment of the directors, such qualification was in the interest of the stockholders.

"Under the new tax law, however, the directors are of the opinion at the present time that the stockholders will derive greater benefit if Incorporated Investors, at least so far as 1942 is concerned, chooses the tax status of a regular corporation. One of the results of this status will be that by offsetting income and interest received by realized losses it is expected that all dividends paid or to be paid by Incorporated Investors during 1942 will be tax free to the recipient, so far as Federal income taxes are concerned, since for this purpose they are regarded as a return of capital.

"On the other hand, Incorporated Investors will have to pay a tax which it would not incur if it elected to be treated as a regulated investment company; but the directors feel that the tax advantage to be derived by the stockholders will more than offset this tax. Also, the directors feel that in as much as the option to be treated as a regulated investment company is final and irrevocable once it is exercised, there is an advantage in not so exercising the option this year and thus retaining the right to exercise it at some future time."

* * *

Distributors Group's new folder on the Railroad Shares of Group Securities makes excellent point of the fact that discount rail bonds comprise the portfolio.

"For the fourth time this year,

(Continued on page 1799)

Municipal News & Notes

A nationwide group comprising 39 leading investment banks and firms, headed by Drexel & Co., Philadelphia, and Lehman Bros., New York, acting as agents for the City of Philadelphia, formally placed into effect on Nov. 16 the offer being made by the city to exchange, for new refunding bonds, certain presently outstanding obligations totaling $162,296,000. Of this amount, $140,582,000 eligible for such exchange are in the hands of the public.

The new bonds, where redeemable, have extended callable dates but bear the same rates of interest to the original callable dates as the outstanding bonds to be exchanged. Thereafter all refunding bonds bear interest at 3¼%. The outstanding bonds to which the exchange offer applies are issues optionally callable by the city between 1944 and 1953 inclusive.

The exchange offer, which represents the largest municipal refinancing operation of its kind on record, is provided for under the city's Refunding Plan of 1942 just adopted, and is similar to the exchange offer made through the same bankers under the Refunding Plan of 1941 as a result of which exchanges totaling over $83,000,000 of the city's bonds were effected.

The maturities of the new refunding bonds of 1942 range from 1958 to 1975 and the bonds, where redeemable, become optionally callable by the city on various dates beginning in 1949. For the holders of about 90% of the bonds eligible for exchange two choices of maturities are provided — one series due in 1965 and the other in 1975.

Members of the group of investment firms and banks assisting Drexel & Co. and Lehman Brothers in effecting exchange of the bonds as agents of the City of Philadelphia, and the cities in which their principal offices are located, are as follows: Bankers Trust Company, New York; Moncure Biddle & Co., Philadelphia; Biddle, Whelen & Co., Philadelphia; Blyth & Co., Inc., New York and San Francisco; Alex. Brown & Sons, Philadelphia.

The Chase National Bank of the City of New York, New York; Chemical Bank & Trust Co., New York; Charles Clark & Co., New York; C. C. Collings & Co., Philadelphia; Elkins, Morris & Co., Philadelphia; Equitable Securities Corporation, Nashville.

The First Boston Corporation, Boston and New York; First of Michigan Corporation, Detroit; First National Bank & Trust Co., Minneapolis; E. W. Clark & Co., Philadelphia.

Graham, Parsons & Co., Philadelphia; Hannahs, Ballin & Lee, New York; Harriman Ripley & Co., Inc., New York; Harris, Hall & Co., Inc., Chicago; Hemphill, Noyes & Co., New York; W. E. Hutton & Co., Cincinnati; Kidder, Peabody & Co., New York, Boston and Philadelphia; Lazard Freres & Co., New York.

State and Local Financing Lowest Since 1918

Total permanent financing by our States and municipalities has fallen to the lowest level since the earlier war year of 1918, according to the quarterly investment survey of Shields & Co., New York City, released Nov. 16.

"It appears that the fiscal affairs of our States and municipalities are in the most flourishing condition since the 1920s," says the survey. "Aside from gasoline and other highway receipts, revenues of the States are at record levels. The effect of widespread public spending is reflected in heavy receipts from sales and beverage taxes. Income levies have reached record proportions. Realizing that windfalls may prove transitory, officials display a disposition to restrain expenditures and set up reserves. Virginia has invested in Federal securities a sum sufficient to pay off its entire debt at maturity. Connecticut's surplus, equivalent to about half of the State's outstanding indebtedness, is earmarked for sinking fund purposes. Other commonwealths are taking steps to strengthen themselves against future stresses.

"Returns of local governments from property taxes are, in the main, reported as excellent. In boom communities rapid growth has created local problems. Seattle, Wash., is said to be meeting difficulty in maintaining budgetary equilibrium. Fortunately, that city has reduced its tax-secured debt to conservative levels. Norfolk, Va., is likewise encountering heavy demands for increased municipal services. These, city officials inform us, are being resisted to the greatest extent possible. These examples are typical of the attitude of municipal officials generally."

The survey notes that gasoline and highway facility tolls have declined further, latest reports indicating a drop in rationed Eastern territory of ⅓ or more in September gasoline tax receipts, compared with those a year ago.

With regard to New York City bonds, it is pointed out that they have recently undergone constant liquidation from institutions that deem it advisable to transfer investments to U. S. Treasury securities. As an offset, however, public funds have taken large amounts of bonds from the market.

Florida's Rd. & Bridge Bonds Under Gas Tax Amendment

Sullivan, Nelson & Goss, Inc., of West Palm Beach, Fla., have just issued a memorandum bearing on the State gasoline tax constitutional amendment approved by the voters at the Nov. 3 election in relation to its effect on the status of the county highway and special tax road and bridge district bonds at July 1, 1931, and any subsequent refunding bonds or certificates issued in lieu thereof. Under the terms of the amendment, two cents of the State gasoline tax shall be irrevocably pledged for payment of the aforementioned obligations for a period of 50 years from Jan. 1, 1943. It is the opinion of the bond house that "all of the county highway and road and bridge district bonds under the jurisdiction of the State Board of Administration are now effectively quasi-State obligations."

This debt, including both principal and interest, aggregated $171,995,054 on July 31, 1942, as compared with $295,868,423 on Feb. 15, 1930, a reduction in the 12-year period of $123,875,369. The estimated income from the 2 cent portion of the State gas tax for the 50-year period is $573,122,517. In addition, assets in the form of cash and investments on July 31, 1942, totaled about $14,033,963. Accordingly, the bond house observes, the estimated income and existing assets amounted to $415,161,426 more than the total of bond principal and interest charges due on July 31. Furthermore, the completion of certain refunding operations now in progress and other adjustments is expected to materially lower the indebtedness figure of $171,995,054.

Sullivan, Nelson & Goss, Inc., summarize the new standing of the road and bridge debts affected by the gas tax amendment, as follows:

"While the outstanding county highway and road and bridge bonds administered by the State Board of Administration have the fundamental security of being general obligations of the respective counties and districts, and still carry the pledge of unlimited ad valorem taxes, the Constitutional Amendment requires the State to assume the payment of these local road bond debts to the extent of the counties' participation in the 2¢ State gasoline tax, over a 50-year period, and for the first time provides the State Board with sufficient funds and mandatory authority to fully service the total road and bridge debt structure of Florida. This permanent policy as afforded by the Amendment is a contractual commitment beyond the reach of the Legislature to impair.

Local Housing Bonds Increasingly Attractive

Private investors have financed more than 25% of development costs of all non-war public housing projects since Municipal Housing Authority bonds first appeared on the market in February, 1940. Since then, according to the National Association of Housing Officials, popularity of local housing bonds has increased steadily until recently as high as 85% of development costs of some local housing projects have been financed by bonds sold directly to private investors.

At first, few local housing agencies were able to dispose—as required by law—of more than 10% of their issues of Series A bonds, sold to private investors only, the Association said. Reluctance of investors disappeared gradually, however, as they became more familiar with this type of security.

Accompanying increased sales of local housing project bonds has been a decrease in interest rates from a range of 2.48 to 2.7% to the present range of 1.66 to 2.04%. Present low rates have enabled cities to make substantial interest savings they could not make by selling their housing bonds to the Federal Public Housing Authority. This is because interest charged by FPHA is pegged by law at rates higher than local housing agencies now can obtain from private investors. FPHA obtains funds to buy local housing bonds through sale of its own Federally-secured obligations.

Pittsburgh's housing authority last month sold $16,400,000 of bonds—total development cost of two housing projects—to private investors, with a local securities firm buying 55% of the issue at an average rate of 1.99%.

Omaha, Quincy, Ill., and Fresno, Cal., have secured interest rates among the lowest for local housing bonds, Omaha selling more than $3,000,000 worth maturing serially from 1943 to 1976 at a net interest cost of 1.79%; Quincy selling at 1.76%, and Fresno at 1.66%.

By the end of last month, 141 local housing agencies had sold 150 separate issues of Series A bonds for a total of $107,605,000, which represents approximately 27.5% of the development cost of all the projects. The balance was paid through sale of $282,842,000 of Series B bonds to the FPHA and from capital donations, or outright subsidy, of $1,510,650.

Why Buy Buffalo's Bonds? Comptroller Supplies Answer

The "remarkable progress" Buffalo has made financially during the last four years is described in the "Buffalo Newsletter" which Comptroller Frank M. Davis sent out Nov. 11 addressed especially to trust company officers.

Pointing out that Buffalo's bonds once were "universally regarded as an extra-preferred investment," but that "then came an unfortunate period in our municipal record," Mr. Davis gives six reasons why Buffalo bonds should now be considered a good investment. They follow:

"1—Buffalo has never defaulted or even been in remote danger of defaulting.

"2—Buffalo now has a borrowing margin of $18,000,000, having risen from a low mark of less than $50,000 in 1938.

"3—Buffalo is prudently conserving its borrowing margin. No new borrowing is contemplated.

"4—Refunding in the last four years has been done wisely. Every single year we have paid off a great deal more than we refunded.

"5—The fiscal year 1944-45 will mark the end of our high maturities; after that the burden will be exceptionally light.

"6—It is true that our 2% limit for operation and maintenance has shrunk, but that ought not to disturb any investor. There is no constitutional or statutory limitation on the amount which Buffalo may raise annually for debt service. The only effect of the 2% limitation will be prudent economy in operating the city. This should encourage, not discourage, investors. We can cut our suit according to the cloth, and we shall do so."

The Newsletter is distributed monthly to financial interests throughout the country.

North Carolina Counties Reducing Bonded Debts

The advalorem tax rate of North Carolina counties is down an average of 25 cents per hundred since 1928, and debt reduction is proceeding rapidly, according to a county tax map of the State prepared by the Department of Conservation and Development. The map is used to answer queries from persons and enterprises planning to locate in North Carolina.

Since 1928, 76 counties have reduced their local tax rate, 21 have increased it, and the rates of three are substantially unchanged. The weighted average county tax rate in 1928 was $1.25 per hundred, in 1941 it was 99.8 cents. Lowest tax rate in the state is Forsyth's 55 cents; Avery and Pamlico have the highest—$2.20. In terms of reduction, however, Brunswick leads with a cut of 90 cents since 1928.

Per capita county indebtedness (excluding special district bond issues) is highest in Buncombe, with a per capita debt of $143. Halifax owes only $7 per capita, lowest in the State.

Study of Local Government Commission figures shows county tax rates decreased more sharply during the depression years of 1930 to 1934. A tendency to increase them is noted since 1935, but some additional decreases have occurred in the past two years.

Local counties are shown to be reducing their bonded indebtedness by around $7,000,000 per year.

State Gas Tax Revenues Hit New Low In September

State gasoline tax collections hit a new low in September despite a slight upturn in August, continuing the steady decline in State revenues from this source beginning in March as a result of gasoline and rubber rationing.

August and September collections on a national basis were 14 and 26% under August and September, 1941 receipts, according to a Federation of Tax Administrators report on receipts for more than 40 States, including 16 rationed States.

For the 15 rationed States, August and September collections were 24 and 39% under collections for the same months last year. These figures, the Federation said, provide other States a preview of the effect rationing will have on their revenue systems after Nov. 22, when nationwide gasoline rationing becomes effective. The figures also provide motorists with an indication of how much their driving will be curtailed.

Since the September collections were based on sales made during August, the first full month of the coupon rationing system on the Atlantic coast, they not only indicate more accurately than previous months the extent of restriction imposed on automobile use by gas rationing, but they show the increased effectiveness of the coupon rationing system over the temporary card rationing system.

Following figures show monthly decreases in gas tax collections in comparison to collections for the same months of 1941:

	March	April	May
43 States	2	4	9
17 rationed	5	3	15
		June	July
40 States		13	13
13 rationed		22	26
		Aug.	Sept.
45 States		14	26
16 rationed		24	39

The Federation said 1941 is not a year for making just comparisons, however, since it was an inflationary year. "The real nature of the difference between rationed and unrationed States, for example, is better shown by a comparison of 1942 figures with those of 1940, a more normal year."

On this basis, collections for the rationed States decreased by 33% between September, 1940, and September, 1942, while receipts in unrationed States fell off only 4%.

State Debts Cut $202 Million During 1942 Fiscal Year

The Bureau of the Census recently reported that, continuing the downward swing which began in the preceding year, the indebtedness of the States decreased 6% during the 1942 fiscal year. Total indebtedness of the 48 States, including obligations of State institutions and agencies, amounted to $3,211,000,000 as of June 30, 1942. This figure is $202,000,000 lower than the corresponding total for 1941, and represents a decrease of nearly double the amount of the reduction effected in the 1941 fiscal year.

State debt behavior during the past two years, the Bureau pointed out, presents a sharp contrast with the steadily mounting debt of the pre-defense period and provides striking evidence of the general improvement in State finances which has resulted from expansion of the national economy during the period of transition to all-out war.

Additional evidence that the States have improved their financial conditions in order to meet the demands of war and post-war adjustments may be cited. State tax collections increased approximately 13% during the past year and a considerable number of States closed their fiscal years ended in 1942 with substantial surpluses.

Other factors which have contributed to contraction of State debt may be found on the expenditure side of State accounts. Increasing restriction on new construction has sharply reduced capital outlays, resulting both in deferment of issuance of new bonds and in transfer of revenues formerly allocated to construction to debt service. A number of States recently have reported that because of prior-

ity regulations, and scarcity and higher cost of labor and materials, substantial revenues and imponded funds which normally would be expended for highway construction and maintenance will be used to retire outstanding debt.

Finally, it may be noted that a considerable proportion of State obligations issued in recent years was incurred to meet relief needs. Expansion of employment has virtually terminated expenditures for relief of employables, and is reducing the need for assistance to unemployables in a number of States.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over—short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

(Ed. Note—Very few municipal bond issues of major size are scheduled for award in the near future. With expenditures for local improvements held to bare necessities by the demands of war-time policies, the prospect naturally is that for some time to come the amount of new issues coming to market will be small.)

November 23

$2,500,000 Chicago Sanitary District, Ill.

In November, 1941, award was made to Northern Trust Co. of Chicago, and associates. A group formed by Jonn Nuveen & Co., Chicago, was second high bidder.

Are Tax-Exempts Or Tax Bonds Best For You?

Halsey, Stuart & Co., Inc., 201 South La Salle Street, Chicago, Ill., is beginning distribution of a ready-reckoning chart based on the new Federal income tax rates established by the Revenue Act of 1942. This chart quickly shows any investor whether tax-exempt municipal bonds or taxable bonds will be most profitable at his level of taxable income.

The chart, which presents comparisons for taxable incomes of all sizes, furnishes the investor the means of making the comparisons between the yields of tax-exempt and taxable bonds by the simple device of slipping an inner table of figures to position in a designated opening.

An investor with a taxable income of $20,000 a year thus immediately sees that because of the new income tax rates a taxable bond would have to yield 5% a year to equal the yield of a 2.25% tax-exempt bond.

Copies of this interesting chart may be had from Halsey, Stuart & Co. upon request.

Our Reporter's Report

(Continued from first page)

shy away from bonds with callable features.

Until relatively recently prospective buyers such as banks, trust accounts and the like were strongly inclined away from bonds where there was an indicated possibility that the issuer would exercise his right to call the bonds.

But currently, it is observed such apprehension appears to be on the wane and there is little or no evident hesitation in seeking out sound issues on which the yield runs from 2.9% to around 3% or a little better.

Central Maine Sets Rate

Filing an amendment to its registration statement on file with the Securities and Exchange Commission covering the proposed issue of first and general mortgage bonds, the Central Maine Power Co. has fixed the interest rate on the projected bonds at 3½%.

Due to the difficulty which arises in attempting to secure certain necessary materials, needed in expansion plans, the company decided at the same time to reduce the size of the issue from $14,500,000 to $12,500,000.

The registration also covers 261,910 shares of common stock, and the company proposes upon completion of its projected absorption of Cumberland County Power & Light Co. to sell $5,000,000 face amount of 10-year serial notes.

Since the latter would be sold privately they are not covered in the registration.

Through the Clouds

With the encouraging successes of Allied arms in the last fortnight, there has been considerable revamping of the picture in the dollar bonds of Australia, New Zealand, and those of countries which have been under the heel of the Axis invaders.

Scandinavian dollar issues were in demand as a group and marked up extensive advances, including those of Norway and Denmark. Meantime Polish loans have come forward sharply.

City of Brisbane, Australia, and Australian government dollar bonds likewise, responded with considerable vigor to the news of severe Japanese reverses in the Solomons and in New Zealand.

Largest Ever

This week-end should bring from Secretary of the Treasury Morgenthau, the complete details of the country's largest single war financing.

The December war program of the Treasury, it appears, is destined to dwarf even the Liberty Bond Drives of the last war, and it looks as though the schedule will be set up so as to be attractive to all sources having funds available.

Evidently to enable it to better gauge the current market situation, the Treasury has added several prominent bankers, including W. Randolph Burgess, now Vice-President of the National City Bank and formerly head of the Federal Reserve Bank of New York, to its advisory council.

Merrill Lynch Financial Statement

As a matter of news, we give below the current financial statement of Merrill Lynch, Pierce, Fenner & Beane with comparable figures for the year ending Dec. 31, 1941.

MERRILL LYNCH, PIERCE, FENNER & BEANE

CONDENSED STATEMENT OF FINANCIAL CONDITION

ASSETS

Current Assets:	Sept. 25,'42	Dec. 31,'41
Cash in banks and on hand	$4,192,488	$5,646,471
Segregated under the Commodity Exchange Act	*5,545,909	7,982,719
Clearing funds and similar deposits	†1,993,658	2,430,359
Deposits on account of securities borrowed	373,310	85,150
Receivable from other brokers or dealers:		
Securities sold but not delivered	1,459,208	2,909,365
Equities in "future" commodity accounts	181,755	144,056
Receivable from customers:		
‡Debit balances in margin accounts	49,582,789	56,747,772
Due from commercial and broker customers on account of commodity accounts	202,706	138,842
§Securities carried for joint account	46,613	------
¶Securities owned by firm:		
Municipal securities	62,204	
Other securities	420,034	860,226
**Miscellaneous current assets	322,741	398,698
Total current assets	$64,383,416	$77,343,658
Other Assets:		
Memberships in exchanges—at market value	182,906	222,426
††Furniture, fixtures, and office equipment	309,241	282,865
Prepaid expenses	120,965	47,069
Sundry unsecured receivables deemed collectible	21,143	12,570
Total	$65,017,671	$77,908,587

LIABILITIES

Current Liabilities:	Sept. 25,'42	Dec. 31,'41
Money borrowed on securities	$28,316,100	$31,301,500
Deposits on account of securities loaned	5,388,079	4,572,999
Payable to other brokers or dealers:		
Securities bought but not received	1,052,824	2,157,882
"Future" commodity accounts	280	15,623
Payable to customers:		
Free credit balances	14,747,859	22,774,073
‡Credit balances in "margin" accounts	2,484,094	825,014
Equities in "future" commodity accounts	5,826,989	7,932,115
‡‡Securities sold but not yet purchased	397,391	49,481
Dividends and coupons payable and unclaimed	72,352	79,228
§§Miscellaneous current liabilities	384,955	700,231
¶¶Due present and retired partners	133,385	72,260
Due partners retiring or withdrawing	------	606,780
Due general partners—free credit balances	51,572	396,401
Total current liabilities	$58,855,881	$71,483,587
Reserve—For contingencies	161,790	325,000
Net Worth	6,000,000	6,100,000
Total	$65,017,671	$77,908,587

*Includes cash on deposit, $3,905,909, and $1,640,000 U. S. Government obligations at face value. †Includes $1,120,000 of U. S. Government obligations at face value. ‡In which the margin, in each case, is equal to or greater than New York Stock Exchange requirements, and in cash accounts since cleared. §In which the firm has a 50% interest—at approximate market value. ¶At quoted market value. **Such as commissions and interest receivable, revenue stamps, etc. ††At depreciated value. ‡‡At quoted market value. §§Including drafts, commissions, taxes and expenses. ¶¶Old firm accounts in liquidation.

NOTE—Contingent liabilities of the firm at Sept. 25, 1942 consist of items such as open trades not yet recorded because of terms of delivery and when-issued contracts, all of reasonably definite nature, which would make no material change in the above statement on the basis of quoted market values at Sept. 25, 1942.

Rails & 1942 Revenue Act

B. W. Pizzini & Co., 52 Broadway, New York City, are distributing the current issue of their "Railroad Securities Quotations." In addition to extensive comparative quotation tables of guaranteed stocks of rails throughout the country, underlying mortgage railroad bond quotations, reorganization railroad bond quotations, minority stock quotations, and guaranteed telegraph stock quotations, the release discusses "tax selling" expected under the Revenue Act of 1942, the greater incentive now offered to try for future capital gains, and the fact that the railroads are permitted to buy in their own bonds at prices below face value without paying corporate income taxes on the discount profit thus realized.

Copies of this bulletin may be had from B. W. Pizzini & Co. upon request.

Kentucky Industries

Thomas Graham, executive Vice President of the Bankers Bond Co., Inc., Kentucky Home Life Building, Louisville, Ky., is the author of an extensive article on industries of Kentucky which appears in the Autumn edition of "In Kentucky," the official publication of the Commonwealth of Kentucky.

The Bankers Bond Co. in its current issue of "Local Notes," is also distributing an interesting summary of Kentucky industry prepared by Mr. Graham. Copies of this issue of "Local Notes" may be had from The Bankers Bond Co. upon request.

Tomorrow's Markets Walter Whyte Says—

Market refusal to rally on successful African invasion and Guadalcanal naval victory news leaves optimists puzzled. Speculator who watches market and doesn't pretend to have knowledge of world events in better position.

By WALTER WHYTE

In all my years in Wall Street, and they're more than I care to boast about, I've never seen so much confusion as there is today. Of course the primary concern (besides the war) of traders and investors is the stock market. Is the trend up or down? You can get as many answers to this question as your patience can handle. You can even interpret the answers to soothe your vanity.

* * *

If you speak to a market technician you'll get a reply built around the mumbo jumbo of mysterious somethings called double tops, double bottoms, line cuts and other terms so dear to chart readers. If you ask a statistician the answer will be couched in grander, if equally obtuse, terms. This will take in profit ratios, capital gains taxes, income statements and profit and loss thingamabobs. If you show impatience and press for a definite reply you'll end up with a pontifical statement framed in whereases and wherefores, terminating in an opinion that the market will go up if—. And from there on, dear reader, you are on your own.

* * *

It's all bad enough for the out and out speculator who doesn't pretend any interest in fundamentals and plays the market on market action alone and gets out when the action signals a turnabout. But it's a lot worse for the dyed in the wool investor who has been brought up in the belief that safety and income are paramount principles. For if there is anything certain

(Continued on page 1798)

UP-TOWN AFTER 3

MOVIES

One of the exciting pictures to come out of this war is the Alexander Korda production, **"One of Our Aircraft Is Missing,"** the English movie released in this country by United Artists. It is the story of a six-man crew on a bombing mission over Germany whose plane develops engine trouble over Holland forcing them to bail out. It is not a tale of posed heroisms or feats of muscular daring. The crew is made up of ordinary men with ordinary fears. They have two objectives—to avoid capture; to reach the North Sea. Their experiences with the sturdy Dutch folk who pass them along the underground are not made up of the fantastic stuff which too often are figments of a screen writer's fertile imagination. The experiences they go through seem real and have the ring of authenticity. They never take on any Nazi divisions and lick hell out of them. In fact they avoid meeting the Nazis whenever they can. Yet in spite of the absence of hoarse yells implying heroism, a quality which American screen writers seem to feel is a native to our side alone, the picture is so full of underlying tension that to sit through it and breathe properly at the same time seems, at times, almost impossible. From the very first scene when the bomber takes off for Germany, to the last one when the crew finds itself in a German rescue buoy in the North Sea, constant tenseness is present. At times it seems impossible that any picture can maintain such a pace any longer. But just as one exciting scene is built up, another, and a still more exciting one, develops. Put **"One of Our Aircraft Is Missing"** down on your "must" list.

The latest Abbott and Costello opus is one called **"Who Done It?"** (Universal). Assisting the pair and providing the romantic angle is Louise Allbritton and Patric Knowles. The story is about the radio business and how soap operas get themselves written. Plot involves a straight-laced college professor who finally gets his chance to write radio script but indignantly refuses the long awaited opportunity because he suspects his lady love—assistant to the radio Big Chief—had something to do with it. He changes his mind eventually, but that is at the end. Meanwhile the program director is murdered and who do you think comes barging in to solve the dastardly deed? That's right, Abbott and Costello. The pair are soda jerkers who have a radio script nobody wants to listen to. So when they hear of the murder they leave their sandwiches and sodas behind and dash up to the broadcasting studio, pose as gumshoes and in their usual manner jam things up completely. If you've seen the other Abbott and Costello pictures you won't find this one any different. You'll hear the same gags and see the same situations. Only the surroundings are different.

ABOUT THE TOWN

If you haven't been recently to the Rockefeller layout—the **Rainbow Room,** 65 stories above Radio City, and plan to go, you'd better hurry. For, according to rumor, the place is due to close Jan. 1. Certainly lack of business can't be the reason for it. For when I was there, a week night, every table was taken. In any case its current show, which opened sometime last month, but I didn't get around to seeing until now, consists of young Leonard Elliott whose comic antics, describing among other things, the "Times of Good Queen Bess," kept the crowd in stitches. Incidentally, Elliott was once assistant to the "Wall Street Journal's" K. C. Hogate. Don't know if K. C. has ever seen Elliott in action but he would get quite a turn watching the Elliott antics on the floor of the Rainbow Room. Victoria Cordova, a gorgeous brunette with one of those locks of white hair which makes her stand out, sings Spanish songs. I still don't know what they mean. I doubt if there were many people around me who did either, yet her voice is so compelling, Miss Cordova was forced to give four encores. Then there is Helen Tamaris, accompanied by Ida Soyer and Milton Feher, in a series of folk dances, which are something to see and hear. Against a background of music and songs of the 19th Century-Lousiana plantation songs and Negro spirituals—you see dances which rightfully belong to the concert stage. Dance music is by Leo Reisman and his orchestra and the rhumba rythms are pounded out by Dacita and her band. . . . The **Monte Carlo's Teddy Rodriguez** has evolved a new concoction made up of rum and pineapple juice. One glass and the Monte Carlo mirrors start spinning. Two glasses and you get a view of the undersides of the Monte Carlo tables. . . . If you're a homebody and want something to read, suggest **"The Army Life,"** by **E. J. Kahn, Jr.** (Simon & Schuster, $1.75). It will tell you a lot more about what to expect if the man with the whiskers calls you up than all the questions you can ask from friends who are already in. . . . Walking along the hotcha 50's you'd think there were already enough night clubs, not only for New York, but for the entire country as well. But with week-end business on a Happy New Year basis, more places have either just opened or will open in the immediate future. Last week a swishy drinking and eating establishment yclept **"Cafe Life"** opened its doors wide for what it hoped was a panting public. Haven't seen it yet but understand its decorations feature a totem pole and satin walls. This week the **Mon Paree Cafe** (142 E. 53d) will reopen (at least two other clubs have tried here in the past). And now comes still another new joint calling itself the **Riobamba** (149 E. 57th) scheduled to open sometime in December. In case you don't know what the word Riobamba means the press agent sends along a breathless message that "it's the name of a tiny, colorful town in Ecuador." Okay, brother. Take it away! !

CGO Tractions Look Good

Cruttenden & Co., 209 South La Salle Street, Chicago, Ill., members of the New York and Chicago Stock Exchanges, are distributing a memorandum on the current situation in Chicago Traction bonds. Copies of this memorandum may be had from the firm upon request.

Legal Oddities

THE STOCK SUBSCRIPTION AND THE PART PAYMENT

"I'll sign up for 100 shares of that stock you're selling at par, and here's my check for $900, part payment," the investor declares.

A few weeks later the corporation demands the balance of the subscription.

"Not going to pay it," the new stockholder announces, and the corporation threatens to sue.

"Sue away. The State law says that each subscriber shall pay at least 10% of his subscription when he signs up. I paid only 9%—that makes the subscription unlawful and you can't collect a cent," the stockholder retorts.

This situation can arise any day of the year, and both parties can find law to support them, but the rule which has been approved by a majority of the State courts is that the failure to comply with the law does not invalidate the subscription, and that the subscriber may, under certain circumstances, be liable to the burdens of a stockholder, although the required payment has not been made.

Another interesting point arises where the law requires a cash payment of, say, 10%, and the subscriber makes the required payment, not in cash, but in the form of a check or negotiable instrument.

On this point the law is very uncertain, and there are decisions both ways, but the better opinion is that such a payment does not validate the subscription, and there are decisions in California, New York and Pennsylvania upholding this view.

On the other hand, it may be pointed out, the New Hampshire and North Carolina courts have ruled that even if the payment is invalid, that does not prevent the corporation from collecting on the note or check.

Now, take the case where a subscriber pays 8% at the time of subscribing, 3% later on, and then refuses to pay any more.

"It's true that I paid over 10%, but the law says 10% at the time of subscribing, and I didn't pay the balance until later, that makes the subscription invalid," the subscriber contends.

On this point, as well, there are decisions both ways. In Alabama, Mississippi and New York the courts have ruled that the latter payment validates the subscription.

In the New York case (220 N. Y. 77) the evidence showed that the alleged stockholder subscribed for 102 shares of stock in a corporation amounting to $10,200, paid the small and trifling sum of $200, received certificate for 102 shares, was elected a director, received dividends during the prosperous days of the corporation, and sold his stock for real money. The corporation later went into bankruptcy, and the receiver sued the $200 stockholder for the balance of $10,000 on his subscription.

"Yes, but I didn't comply with the law by paying 10%, so I'm under no liability," he argued.

"It would clash with our own established ideas of equity if one in prosperity thus dealt with by the corporation should, in bankruptcy be able to escape liability on the ground that a statutory provision, useful, if for any purpose, to provide a fund for creditors and to prevent fictitious subscriptions, had not been complied with," said the New York court.

Alexander On Com. For Russian Relief Dinner

Henry C. Alexander, Vice-President of J. P. Morgan & Co. Inc., will serve on a committee in charge of arranging an "Industries Dinner" for Russian War Relief, it was announced on Nov. 17 by Lewis H. Brown, President of Johns-Manville Corp., and General Chairman of the relief agency's Industries Division. The dinner will be held at 6:30 p.m., Thursday, Dec. 10, in the Waldorf-Astoria Hotel, New York City, and will be industry's salute to Russia during observance of the month between Thanksgiving and Christmas as a "Thanks to Russia Month." Mr. Brown said:

"Industrial leaders have been very much impressed by the magnificent fight of the Russian people against our common enemy, and feel that it is their duty now to get all possible aid to these people through Russian War Relief, Inc."

Sponsors of the dinner include Henry Bruere, President of the Bowery Savings Bank, and John W. Hanes. Among the other committee members who will assist Brown with the dinner are:

John A. Brown, President of Socony Vacuum Oil Co.; M. W. Clement, President of the Pennsylvania Railroad Co.; Stanley Resor, President of J. Walter Thompson Advertising Corp.; Thomas A. Morgan, President of Sperry Corp.; Emmet J. McCormack, Director of the Moore-McCormack Lines, Inc.; Thomas J. Watson, President of International Business Machines, Inc., and Arthur D. Whiteside, President of Dun & Bradstreet.

Offer For Mfrs. Casualty

Mackubin, Legg & Co., 22 Light Street, Baltimore, and 76 Beaver Street, New York City, have available copies of a letter which they mailed to stockholders of Manufacturers Casualty recommending acceptance of Commercial Credit's purchase offer. Copies of this letter may be had from Mackubin, Legg & Co. upon request.

THE FINANCIAL SITUATION

(Continued from first page)

and those standing to the accounts of individuals, but there can scarcely be anyone who doubted that a very large part, probably much the larger part, of the additional deposits had reached the accounts of individuals. With all this information so readily available, the SEC hardly needed to take the trouble to tell us that individuals throughout the nation have this year enormously increased the supply of currency in their hands and of demand funds on deposit at the bank to their credit.

Unproductive, But—

But, we are told, these funds, or at all events a large part of them, lie idle and unproductive—and here lies the danger of the now well publicized report. It is altogether too convenient for ready use in support of proposals for compulsory loans to the Government under one guise or another. Of course, the funds are not "productive" in any real sense of the word. They could not well now be, since opportunities to put them to work producing economic goods or services simply do not exist. They need not be idle, perhaps, but to put them to work in the way that the SEC and the others apparently contemplate need not have the effect usually supposed. What the authorities appear to desire is that all these allegedly idle funds be used in the purchase of war bonds. They appear to believe that such a consummation would take them definitely and permanently out of the market and thus relieve pressure tending to raise the prices of goods generally which the Government is, we think, rather over-anxious to prevent.

Without in any way passing judgment upon the wisdom of pressing the sale of war bonds of the type now being offered and by many of the methods now being employed, assuming no change in these instruments and no alteration in technique is possible at this time, it is quite legitimate and indeed quite desirable to raise a number of questions as to what appears to be the official belief as to the broad economic and financial consequences of such sale in amounts sufficient to absorb all the "idle, unproductive" funds in the country. Let it be observed, in the first place, that while, if these funds were to flow promptly back to the Treasury in return for its promises to pay, the total volume of funds outstanding in the hands of the public would not go on increasing as rapidly as they otherwise would, there is no reason to suppose that there would in consequence be any very substantial reduction in the funds so outstanding. The funds would no longer be idle—they would be moving from the hands of individuals to the Treasury and back from the Treasury to the individuals.

For The Present

The investing process would, therefore, obviously have to be a continuing one, the individuals receiving funds week by week turning them over to the Treasury, or else they would again very soon back up in large aggregate amounts in currency or bank deposits. If, however, this process of continuous investment were given effect, the need of the Treasury to go to the banks for newly created funds would by so much be reduced—and that, obviously, would be a help. But when we say the Treasury would be partly relieved in this way, we refer, of course, to the immediate present. Let it not be forgotten that these small war bonds being placed under pressure all over the country will very nearly in toto be demand obligations upon the Treasury when the war is over. Should they be sold in the amounts apparently desired by the authorities, the Government would without question find itself at the close of the war beset by millions of individuals demanding cash for their bonds. The aggregate of these demands probably would run into many, many billions of dollars precisely at the time that the Treasury will have drawn upon the market for funds in amounts far beyond anything ever dreamed of in the past. How will it meet these demands? Can it do so without calling upon the banks to do precisely what had been avoided (for the time being) by tapping these "investment funds" in the hands of small owners? We certainly hope so, but there is a limit to our optimism.

But Later?

It is thus apparent that to proceed as now desired, and as the SEC report may well have been designed to support, we may accomplish little more than to defer the day of reckoning. And let those who have a mortal fear of any price rise now be reminded that after hostilities cease the task of controlling prices, not easy even in wartime, will become infinitely more difficult, if not utterly impossible. The task by which the Government and the country are faced in their need to finance this "total," global war is, of course, a most difficult one. There is no royal road to success. It may be said quite frankly that even with the best of management, disturbing influences will inevitably creep in. There is no way of conducting such a war without monstrous maladjustments. It would, however, appear to be the part of wisdom to avoid those pitfalls which ordinary commonsense seems to make quite obvious.

The trouble at bottom appears to be an unwillingness to have the war cost the less well-to-do groups in the community anything—if that is possible—and as little as may be if that is not possible. Closely related is the stubbornly held belief that economic forces can be controlled at will by rules and regulations. What the SEC report shows, if it shows anything not already well known, is the futility of such notions, not that they should be pushed still further to our possible economic destruction.

HOW DID WE GET THIS WAY?

(Continued from first page)

to him free of duty and responsibility, nor can it be equally divided. Each man's participation in the common heritage—material and ideological—is determined by his capacity to appreciate its value; his knowledge of the methods by which it was created and his willingness and ability to pass on more than he received.

Man is the archetype of society. Each one of us is a microcosm; a world in ourselves. The ontogeny of the personality is the life history of the race. The only reality is the individual whose development is the model of social progress. He is both the analysis and the synthesis of humanity. The creation of character in him, not the pampering of his weakness, is the method of progress.

All of the steps in the growth of a civilization are the work of talented people. They came from the brains of men endowed with more than common power of thought and will. Any other conclusion is not deduced from human experience but introduced into it. These developments were, of course, impossible without a socially inherited tradition, but the tradition itself was made by men of ability. They accumulated the knowledge which became the common property of subsequent generations and which is the only patrimony worth while. It is the imperative of a free man.

Organically our society has changed from one of social classes to one of occupational classes; the only valid criteria are technique and lack of technique. Social origin is no longer the measure of personal value except among snobbish communists where it is embellished with superlatives, given an odor of sanctity, and used in the glorification of the proletariat which, with the rest of their word imagery, cannot stand the strain of lucid honesty and is not measured by the yardstick of sense. Not even democracy can destroy classes. They are dynamic realities. It can only see that they are permeable and not artificially based.

The only true aristocracy is one of talent. Contradictory as it may seem, such an aristocracy is the only real democracy where each man is as good as the next and sometimes a great deal better. In it every man is esteemed and rewarded for exactly what he is.

The hierarchy of such an aristocracy is based upon ability; its unit of measurement is the capacity to satisfy the totality of human wants; its essence is serving all by serving self; a truism which proves its own veracity.

Essentially selfish in the narrow and superficial meaning of the term, self-interest is basically social in character for it is inconceivable apart from the relationship of the individual to society. One might wish that achievement could be attained by some other impulse but there is none. The passion for possession which actuates mankind is not predatory but constructive. It is a fundamental instinct, as basic as the desire for self-expression; as indestructible as man's anatomical form.

There is no ecstacy comparable to the ecstacy of even modest accomplishment; no other way of fully realizing the joy of living. It is the evanescent breath of life; the element that gives it piquance. Without it a man does not live but vegetates; driftwood on the tides of time.

When society is blamed for individual misery, it is simply asking those who have successfully carried their burdens to carry an added load for someone else. It is a device for those who prefer to try to change the world rather than make internal alterations. It means retrogression by overloading the efficient to relieve the inefficient. This is a law upon which liberals "break their teeth." It is a datum which is self-evident. Any social order which violates it will be destroyed by the brutality of events and condemn man to travel on an economic Via Dolorosa. This is a prophecy which does not require prescience.

Bank & Insurance Stocks

(Continued from page 1790)

Treasury and the banks are desirous of accomplishing and it is reported that the financing in September and October followed a similar course.

The following figures, taken from the Treasury study, show the percentage of various maturities held by the banks on Aug. 31, 1942, as compared with Jan. 31, 1942:

	Jan. 31	Aug. 31
One year or less	66.9%	62.0%
1 to 5 years	53.6	54.4
5 to 10 years	55.8	60.4
10 to 15 years	41.2	40.0
15 to 20 years	26.3	18.8
Over 20 years	40.3	37.9

The percentage distribution of different maturities, broken down for three major catgories of holders on Aug. 31, 1942, was as follows:

	Banks	Insurance Companies	Other Investors
One year or less	62.0%	3.6%	22.7%
1 to 5 years	54.4	10.8	25.0
5 to 10 years	60.4	13.9	16.6
10 to 15 years	40.0	21.8	25.9
15 to 20 years	18.8	52.9	19.9
Over 20 years	37.9	23.6	26.2
Total	52.9	15.3	21.7

According to Treasury figures, the 6,256 banks used as a basis for the above figures held $32½ billions in Government securities as of Aug. 31. Judging from the condition reports of Sept. 30, 1942, most banks now have 75% or more of their deposits at work in loans or investments. Even with reserve requirements at 20%, as now prevails, the banks haven't much elbow room unless they borrow from the Reserve. With this situation in mind, the rediscount rate was lowered recently in New York and most of the other Reserve Centers from 1% to ½% on government securities maturing within a year and from 2% to 1½% on other eligible paper. Thus the evidence continues to accumulate that the Treasury and the Reserve System are doing everything in their power to finance the war along orthodox lines and to enable the banks to perform their customary role with a minimum of stress and strain—and a minimum of risk.

Babcock Commissioned

Charles H. Babcock, partner in Reynolds & Co., 120 Broadway, received his commission as second lieutenant at the graduation exercises of the Chemical Warfare Service Officer Candidate School at Edgewood Arsenal, Md., after completing thirteen weeks of rigorous basic training. After the passage of the Selective Service Act, Babcock, a corporal during World War I, had waived his status as a married man with dependents and his local draft board called him for induction in the U. S. Army.

Mr. Babcock is married to the former Miss Mary Reynolds of Winston-Salem, N. C., daughter of the late R. J. Reynolds, tobacco manufacturer.

Now T. J. Feibleman & Co.

NEW ORLEANS, LA.—It is announced that effective Nov. 7, the firm name of T. J. Feibleman has been changed to T. J. Feibleman & Company. There is no change in the status of the firm, which continues as a sole proprietorship. Offices of T. J. Feibleman & Company, members of the New Orleans Stock Exchange, are located in the Carondelet Building, New Orleans, and at 41 Broad Street, New York City.

Maj. Scholfield Killed

Major George P. Scholfield, second in command of the Royal Regiment of Canada, died on Sept. 3 in a Nazi prison camp as a result of wounds received in the Dieppe raid. Major Scholfield was formerly a partner in the investment firm of Traviss, Scholfield & Co. of Toronto.

Financial Advertisers Elect Officers At Unique "Convention-By-Mail"

The Financial Advertisers Association recently distributed the proceedings of its unique "Convention-by-Mail." The Association's 27th annual convention had been scheduled to be held in Chicago, Oct. 26-28, but was cancelled in view of the request of the Office of Defense Transportation that such meetings not directly associated with the war program be called off for the duration.

Dale Brown

Balloting by mail, for the first time in its 27 year history, members of the Financial Advertisers Association "attending" a convention-by-mail, elected officers for the coming year as follows:

President, L. E. Townsend, Ass't. Vice President, Bank of America, San Francisco.

1st Vice President, Lewis F. Gordon. Ass't. Vice President, Citizens and Southern National Bank, Atlanta, Ga.

2nd Vice President, J. Lewell Lafferty, Vice President, Fort Worth National Bank, Fort Worth, Texas.

It is the custom of the association to move its Vice Presidents up each year. The office to be filled by a newcomer to the official family is 3rd Vice President. Dale Brown, Ass't. Vice President, National City Bank, Cleveland, Ohio, was elected to that office. Fred W. Mathison Ass't. Vice President, National Security Bank of Chicago, was re-elected Treasurer.

In the same election, members were chosen for the Board of Directors. The new Board includes: Merrill Anderson, Merrill Anderson Co., New York, N. Y.; Philip K. Barker, Granite Trust Co., Quincy, Mass.; Leland C. Barry, Union Trust Co., Pittsburgh, Pa., Victor Cullin, Mississippi Valley Trust Co., St. Louis, Mo.; John deLaittre, Farmers & Mechanics Savings Bank, Minneapolis, Minn.; Swayne P. Goodenough, Lincoln-Alliance Bank & Trust Co., Rochester, N. Y.; Robert Lindquist, American National Bank & Trust Co., Chicago, Ill.; Thoburn Mills, The National City Bank, Cleveland, Ohio; Dudley L. Parsons, The New York Trust Co., New York, N. Y.; E. A. Pierce, Merrill Lynch, Pierce, Fenner & Beane, New York, N. Y.; Julius J. Spindler, Farmers & Merchants Bank, Highland, Ill.; G. Lorne Spry, The Canada Trust Co., London, Ont., Canada; E. P. Taliaferro, First National Bank, Tampa Fla.; George Wilshire, First National Bank & Trust Co., New Haven, Conn.; K. Winslow, Jr., Seattle Trust & Savings Bank, Seattle, Wash.; Miss M. M. Woltjen, Mutual Bank & Trust Co., St. Louis, Mo.

Preston E. Reed, who presides at the association office at 231 South La Salle Street, Chicago, Ill., was re-elected Executive Vice President. Senior Advisory Council of the association will be named by the Board of Directors from a slate submitted by the nominating committee.

Booklets have been issued by the Association which are practically equivalent to the program which would have been heard had the convention been held. Included in the booklet are a message from Joseph B. Eastman, Director of the ODT, thanking the FAA for its action and giving a further picture for the need for voluntary travel "rationing"; an article by A. L. M. Wiggins, First Vice President of the American Bankers Association, entitled "The Public Writes the Bankers' Ticket"; an article by Charles W. Williams, professor of Economics and Commerce, of the University of Louisville, on "War Can't Kill Advertising"; also an article headed "Selling War Savings Bonds" by Eugene W. Sloan, Director of the War Savings Staff of the Treasury Department; an article on "Banks and the War Effort" by Mr. Lafferty; an article on "Advertising Factor in Present and Future Customer Relations" by Mr. Gordon; an article on "New Patterns for Advertising in Our War Economy" by Holger J. Johnson, President of the Institute of Life Insurance, and an article on "Market Research for Banks" by Robert W. Pratt, Market Research, and discussions of corporate trust service, cooperation with attorneys, service charges, Christmas clubs, trust advertising appropriations and banking hours.

Plans for the "Convention-by-Mail" were reported in our issue of July 16, page 178.

Latest On Assoc. G. & E.

G. A. Saxton & Co., Inc., 70 Pine Street, New York City, have just issued a circular containing a report on the most recent developments in the Associated Gas & Electric Corporation "recap" compromise which the trustees have just filed with the Federal Court. Copies of this interesting circular may be had upon request.

Canadian Mfg. For Oct. At Previous Levels

Canadian manufacturing in October continued at the same level as the previous month, according to the index of industrial activity prepared by the Canadian Bank of Commerce, Toronto. A. E. Arscott, general manager of the bank, declared that "the index of industrial activity remained at 182 (1937 = 100) and the percentage of factory capacity utilized at 121. Foodstuffs declined owing to a recession in flour milling and canning, the latter now having passed its seasonal peak, but meat-packing was slightly more active. The clothing group as a whole was unchanged for the fourth consecutive month, but there is evidence that the proportion of output in this class for government order is increasing, especially footwear and woolen goods. Women's clothing and cotton declined, but men's clothing and furnishings, knitted goods and woolens reached a higher level. Almost all branches of the pulp and paper industry declined except those manufacturing construction materials. Sawmills and furniture were less active, lowering the index for the wood products group.

"The automotive industry registered considerable gains, as did the heavy section of the iron and steel trades; the medium section gained slightly, while the light section lost, owing mainly to seasonal influences and further restrictions on output for civilian uses.

"Our wage payroll index for September was 210 (1937 = 100) as compared with 202 for August and 174 for September, 1941. Manufacturing, construction and trade payrolls continued to increase, the last-named mainly owing to quarterly adjustments and extra work in connection with merchandising programmes. Mining and logging payrolls declined, the former continuing its recent trend and the latter being partly influenced by seasonal factors.

"Our yearly analysis of business conditions is undertaken this time in the midst of profound changes in Canadian economy. The third year of hostilities required war expenditures by Canada (including those for aid to Britain) of $2,595,580,000, two and a half times those of the twelve months ending September, 1941. This great increase is representative not only of the rising tempo of Canada's war effort but, also, of the heavier demands made upon the country's productivity, including managerial ability, workmanship and financial skill as well as machinery, land and transportation facilities. The wonder is not only that full use could be made of such a vast sum for war purposes but, also, that civilian industry and trade could operate until recent months at all-time peak levels in response to a record public demand for goods."

THE FAJARDO SUGAR COMPANY OF PORTO RICO

ANNUAL REPORT TO THE STOCKHOLDERS FOR 1942

To the Stockholders of
The Fajardo Sugar Company of Porto Rico

Your Board of Directors hereby submits its twenty-fourth annual report of The Fajardo Sugar Company of Porto Rico.

The grinding commenced January 8, 1942 and ended June 28, 1942 covering a period of 158 working days. The total cane ground amounted to 1,017,165 tons. The factory output was 112,833 tons of sugar. Included in said figures is the output of the Loiza Sugar Company.

The following is a comparative statement showing the individual output of The Fajardo Sugar Company of Porto Rico and the Loiza Sugar Company:

Fajardo

Total cane ground into sugar, 621,108 tons.
Factory output, 67,506 tons of sugar, or 540,052 bags of 250 lbs. each.

Loiza

Total cane ground, 396,057 tons.
Factory output, 45,327 tons of sugar, or 308,013 bags of 250 lbs. each and 136,500 bags of 100 lbs. each.

Weather conditions so far have been very favorable, and the 1943 crop appears to be in excellent condition. However, due to the shipping situation it is becoming more difficult to secure adequate fertilizers, materials, spare parts, etc. for the normal conduct of the business.

No decision has been rendered yet by the Supreme Court of Puerto Rico in our pending litigation in connection with the so-called "500 Acre Law," nor have any proceedings been brought against the Company or its associated organizations under the so-called "Land Law of Puerto Rico."

On May 12, 1942 the Governor of Puerto Rico approved an "Act Regulating the Sugar Industry of Puerto Rico," which became effective ninety days thereafter, and under which Act The Fajardo Sugar Company of Porto Rico and its subsidiary, the Loiza Sugar Company, were placed under the jurisdiction and the authority of the Public Service Commission of Puerto Rico. This law proposes to regulate the grinding and manufacture of sugar in Puerto Rico and among other things, proposes to determine the amount of reasonable profits these Companies may make. However, the Public Service Commission has since issued announcements which in substance provide for the normal grinding of the 1943 crop without any limitations as to profits for said crop year.

Additional legislation was passed by the Puerto Rican Legislature in 1942 which may eventually affect the business of this corporation and/or its associated organizations, such as the "Act to Create a Minimum Wage Board," the "Act Creating the Puerto Rico Transportation Authority," and the "Act Creating the Puerto Rico Development Company."

Attached will be found consolidated Balance Sheet and Statement of Profit and Loss (including The Fajardo Sugar Growers Association, The Fajardo Development Company and the Loiza Sugar Company) duly certified by public accountants.

For the Directors,
JOHN BASS, *Presdent.*

THE FAJARDO SUGAR COMPANY OF PORTO RICO
And Associated Organizations
CONSOLIDATED BALANCE SHEET—JULY 31, 1942

ASSETS

Property and Plant	$11,083,883.75	
Less—Reserve for depreciation	4,796,593.49	
		$6,287,290.26
Work Animals, livestock and Equipment (Less Reserve for Depreciation of Equipment)		781,214.58
Investments:		
Real estate mortgages, including interest due thereon (less reserve)	$232,537.90	
Chattel mortgages and agricultural and other loans	15,575.24	
Miscellaneous, at cost (no market value obtainable)	100,000.00	
		348,113.14
Current Assets and Growing Cane:		
Planted and growing cane	$996,380.65	
Materials and supplies	653,039.58	
Compensation receivable from the Federal Government under the Sugar Act of 1937, as extended	572,261.34	
Planters' accounts (less res.)	51,864.94	
Accounts receivable for sugar sold	186,445.03	
Miscellaneous accounts and bills receivable	128,643.75	
Raw sugar on hand, less reserve for expenses of shipping, selling, etc.	4,420,041.34	
Molasses on hand, at net contract sale price	488,757.63	
Cash in banks and on hand	924,307.76	
		8,421,742.02
Other Assets:		
Cash deposited as security in connection with certain proposed additional income tax assessments which are being protested	$56,899.39	
Amount recoverable from the Treasurer of Puerto Rico with respect to prior years' income taxes	22,766.72	
		79,666.11
Deferred Charges to Profit and Loss:		
Prepaid insurance, taxes, rent, etc.		155,256.04
		$16,073,282.15

LIABILITIES

Capital Stock:			
Preferred:			
Authorized but not issued—15,000 shares of $100.00 each			
Common:			
Authorized—700,000 shares of $20.00 each			
Issued —323,890 shares of $20.00 each			$6,477,800.00
Capital Stock of Associated Organization in Hands of the Public (Par Value)			1,000.00
Mortgage Payable, Maturing in 1947			29,722.22
Current Liabilities:			
Planters' accounts		$86,352.34	
Accounts payable and sundry accruals		395,628.56	
			481,980.90
Reserve for Contingencies			730,498.46
Surplus:			
Earned surplus:			
Balance, August 1, 1941		$7,284,725.23	
Add—Profit for the year ended July 31, 1942 before providing for income taxes (per annexed account)		1,596,045.25	
		$8,880,770.48	
Deduct:			
Income taxes for the year ended July 31, 1941 paid during the current year (including $4,173.53 relating to a prior year)	$197,655.84		
Dividends paid	650,050.00	847,705.84	
		$8,033,064.64	
Capital surplus		319,215.93	
			8,352,280.57
			$16,073,282.15

THE FAJARDO SUGAR COMPANY OF PORTO RICO
And Associated Organizations
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JULY 31, 1942

Sugar and molasses produced	$8,921,316.39	
Compensation from the Federal Government under the Sugar Act of 1937, as extended	572,261.34	
Interest (net)	12,986.39	
Miscellaneous income	167,616.55	
		$9,674,180.67
Less—Expenses of producing, manufacturing, shipping, selling, etc.		7,273,336.95
		$2,400,843.72
Deduct—Provision for depreciation		315,077.70
		$2,085,766.02
Add—Profit on sugar of prior crop		10,279.23
		$2,096,045.25
Deduct—Provision for contingencies, as determined and approved by the Board of Directors		500,000.00
Net profit for the year, before providing for income taxes		$1,596,045.25

STAGG, MATHER & HOUGH
Public Accountants
141 Broadway
New York City

Telephone
Barclay 7-5580
Cable Address: All Offices
"Lotonkol"

Havana, Cuba
San Juan, P. R.
Newark, N. J.
October 28th, 1942.

To the President and Directors of
The Fajardo Sugar Company of Porto Rico:

We have examined the consolidated balance sheet of The Fajardo Sugar Company of Porto Rico and associated organizations as of July 31, 1942 and the consolidated profit and loss account for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

Sugar on hand at the balance sheet date, shipped subsequently, has been valued at prices realized. Sugar still unshipped has been valued at 3.45 cents per pound c.i.f. New York less a reserve for shipping and selling expenses. Had this unshipped sugar been valued at market price, as in the past, the net profit for the year would have been approximately $235,000.00 more than that shown in the annexed accounts.

The quo warranto procedings brought by the Government of Puerto Rico against certain of the companies whose accounts are included in the consolidated statements are still pending in the Supreme Court of Puerto Rico. The Land Law of Puerto Rico, enacted in April, 1941, sets up a Land Authority with power to take over, with compensation to the owners, lands in excess of 500 acres owned by corporations, associations, partnerships, etc. No proceedings thereunder have been brought against the companies included in the consolidated accounts.

In our opinion, subject to the foregoing and to such adjustments as may be made on final review of the companies' tax matters, the accompanying consolidated balance sheet and related consolidated profit and loss account present fairly the position of The Fajardo Sugar Company of Porto Rico and associated organizations at July 31, 1942 and the results of their operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

STAGG, MATHER & HOUGH

Calendar of New Security Flotations

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).

Offerings will rarely be made before the day following.

THURSDAY, DEC. 3

CURTISS CANDY CO.

Curtiss Candy Co. has filed registration statement with the SEC covering 30,000 shares of participating preferred stock, par value $100

Address—622 Diversey Parkway, Chicago

Business—Company is one of the largest and leading candy and confection manufacturers in the United States

Offering—Registrant proposes to offer the participating preferred shares registered, at $100 per share. The entire amount of the consideration received shall be credited to capital account. It is not proposed to pay any commissions or underwriting fees with respect to the sale of the stock. Approximate date of proposed public offering Nov. 25, 1942

Underwriting—There is no commitment of any kind with respect to the sale or underwriting of the securities registered

Proceeds—Will be used principally in the acquisition of similar types of business $700,000; additional farm lands $750,000; trucks $100,000; raw commodities for purpose of stabilizing inventory $250,000; to provide funds for payments under pension and profit-sharing plans for its employees $900,000; in reduction of indebtedness on farm properties $200,000, and for additional working capital $75,700

Registration Statement No. 2-5059. Form A-2. (11-14-42)

SATURDAY, DEC. 5

MUTUAL INCOME FOUNDATION, INC.

Mutual Income Foundation, Inc., has filed a registration statement with the SEC for 200 fully paid certificates of ownership at $500 each, 150 periodic payment certificates of ownership at $1,000 each, total 350 certificates; 150,803 shares of beneficial interests to be issued under periodic payment certificates of ownership now outstanding; 36,938 shares to be issued under the certificates of ownership to be sold, total 187,741 shares. Aggregate offering price, $1,218,158

Address—1308 Penobscot Building, Detroit, Mich.

Business—Investment trust.

Offering—Continuous public offering is proposed from and after the effective date of registration statement

Proceeds—For investment

Registration Statement No. 2-5060. Form C-1. (11-16-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

P. L. ANDREWS CORP.

P. L. Andrews Corp. has filed a registration statement with the SEC for $360,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1943 to 1957.

Address—7800 Cooper Ave., Glendale, New York, N. Y.

Business—General character of the business done by the corporation is the design, development, manufacture and sale of paper packaging and wrapping materials in a variety of forms of envelopes, folders, wrappers, folding boxes and containers. Primarily because of the nature of the plant and products of the corporation, it is anticipated that the war or conditions arising therefrom will not alter substantially the general character of the business or products of the corporation

Underwriting—No firm commitment has been made to take any of the securities registered, but P. W. Brooks & Co., Inc., New York City, is the principal underwriter, as defined in the Securities Act of 1933

Offering—The securities will be offered at prices ranging from 99½ to 102¼ depending upon maturity date

Proceeds—Net proceeds will be used to discharge a proposed demand bank loan, to reimburse the corporation for machinery acquired and balance for such additional production facilities as are needed.

Registration Statement No. 2-5058. Form A-2 (10-28-42)

Amendment filed Nov. 12, 1942, to defer effective date

CENTRAL MAINE POWER CO.

Central Maine Power Co. filed a registration statement with SEC for $14,500,000 first and general mortgage bonds, Series M, maturing July 1, 1972; $5,000,000 ten-year serial notes, maturing serially on July 1 from 1943 to 1952, and 261,910 shares of common stock, par value $10 per share.

Address—9 Green Street, Augusta, Maine

Business—Company is an operating public utility and engages in the electric, gas and water business, entirely within the State of Maine

Underwriting—The bonds and the notes will be sold under the competitive bidding rule of the Commission. Names of underwriters and amounts and offering price to public will be supplied by amendment

Registration Statement No. 2-5024. Form A-2. (6-29-42)

Central Maine Power Co. filed an amendment to its registration statement on Nov. 12 which made the amount of the proposed offering of first and general mortgage bonds $12,500,000 and fixed the interest rate at 3½%. The amended application also covered 261,910 shares of $10 par common stock, same as original statement. Offering price of bonds to the public and list of underwriters will be supplied by post-effective amendment. Redemption provisions of the new bonds also will be supplied by amendment. Company also proposes to issue and sell privately $5,000,000 face amount of its 10-year serial notes maturing serially $500,000 each year from 1943 to 1952. Interest rate on notes has not yet been announced

Declarations to Become Effective—The SEC on Nov. 5, 1942, issued an order granting the applications and permitting to become effective declarations filed by Central Maine Power Co., Cumberland County Power & Light Co., New England Industries, Inc., and New England Public Service Co. pursuant to sections 6, 7, 10 and 12 of the Public Utility Holding Company Act of 1935 regarding transactions, summarized as follows:

Central Maine and Cumberland (both subsidiaries of Nepsco) propose to enter into an agreement of merger by which Central Maine will acquire all the assets and assume all of the liabilities of Cumberland and by which Central Maine will continue as the surviving corporation. Cumberland will dispose of all of its assets to Central Maine and will be merged into Central Maine.

It is proposed that Central Maine: (1) change and increase its authorized common stock from 150,000 shares (no par) into 1,500,000 shares of common stock ($10 par) of which 642,500 shares will be outstanding in the hands of the holders of the presently outstanding 140,000 shares of common stock, and change the voting power of the common stock so that each share of such common stock ($10 par) will have one-fifth of a vote; (2) issue and sell for cash $12,500,000 first and general mortgage bonds of a new series, to be designated Series M; (3) issue and sell for cash $5,000,000 in principal amount of 10-year serial notes; (4) issue a presently undeterminable amount of $50 preferred stock, 5% dividend series, of which series 20,000 shares are presently outstanding

It is further proposed that Central Maine: (1) assume the liability upon $9,275,000 first mortgage bonds, 3½% due 1966 and $1,494,000 of first mortgage bonds, 4% due 1960 of Cumberland, and redeem and retire said bonds at 105¼% and 105%, respectively; (2) redeem and retire all outstanding shares of preferred stock of Cumberland at their respective redemption prices, subject, however, to an offer of exchange to be made to the holders thereof under which such holders may elect to receive two shares of $50 preferred stock, 5% dividend series, plus two shares of common stock ($10 par) of Central Maine for each share of 6% preferred stock of Cumberland, or two shares of $50 preferred stock, 5% dividend series, plus one share of common stock ($10 par) of Central Maine for each share of 5½% preferred stock of Cumberland. It is further proposed that Central Maine redeem or otherwise retire its presently outstanding 7% preferred stock in direct ratio to the par value of its $50 preferred stock, 5% dividend series, issued in such exchange of Cumberland preferred stock

It is further proposed: (1) that Central Maine issue and sell for cash 261,910 shares of common stock ($10 par) at $10 per share, and that Nepsco purchase such shares (less any shares taken by holders of common stock and 6% Preferred stock of Central Maine upon the exercise of their respective preemptive rights); (2) that Nepsco tender for conversion its present holdings of 54,699 shares of common stock of Cumberland and 638 shares of 6% preferred stock of Central Maine and receive therefor 404,575 shares and 6,380 shares (total 410,955 shares) respectively of common stock ($10 par) of Central Maine

It is further proposed that Central Maine's bank loans be paid off and necessary funds provided for the purchase and construction of property with cash derived from the transactions described above

Amendment filed Nov. 3, 1942, to defer effective date

FIREMAN'S FUND INSURANCE CO.

Fireman's Fund Insurance Co. has filed registration statement with SEC for 64,086 shares of $10 par value common stock

Address—San Francisco, Calif.

Business—Fire, motor and marine insurance, etc.

Offering—After reclassification of securities to offer 33,738 shares of Fireman's $10 par common and scrip for fractional shares in exchange for 44,984 shares of $10 par common of Home Fire & Marine Insurance Co. of California on basis of 75/100ths share of Fireman's Fund for one share of Home; and 30,348 shares of Fireman's in exchange for 67,440 shares of $10 par common of Occidental Insurance Co. on basis of 45/100ths share of Fireman's Fund for one share of Occidental

Underwriting—There are no underwriters

Proceeds—To be issued under plan of exchange

Statement filed in San Francisco

Registration Statement No. 2-5051. Form A-2. (10-15-42)

Amendment to defer effective date filed Nov. 14, 1942

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas) serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed Nov. 13, 1942, to defer effective date

GRAND FORKS HERALD, INCORPORATED

Grand Forks Herald, Incorporated, has filed a registration statement with the SEC for $170,000 4½% first mortgage serial maturity bonds, dated Sept. 1, 1942. Bonds will mature as follows: $12,000 on each Sept. 1 from Sept. 1, 1943 to and including Sept. 1, 1951; $62,000 on Sept. 1, 1952

Address — 118 North Fourth Street, Grand Forks, N. D.

Business—Newspaper publication

Offering—Bonds are to be offered at prices ranging from 100.50 and interest to 104.08 and interest

Underwriting—Kalman & Co., Inc., St. Paul, is the sole underwriter

Proceeds—The net proceeds, together with other funds of the corporation, are to be used to retire as of Jan. 1, 1943, the corporation's 6½% 15-year sinking fund debenture bonds due Sept. 1, 1944

Registration Statement No. 2-5049. Form A-2. (10-12-42)

Registration effective 5.30 p. m. ESWT on Nov. 9, 1942

HOUSTON NATURAL GAS CORPORATION

Houston Natural Gas Corp. has filed a registration statement with SEC for 40,000 shares of preferred stock, 5% cumulative, par value $50 per share

Address—Petroleum Building, Houston, Texas

Business—Company produces, purchases and distributes natural gas in a large number of cities, towns and communities in Texas

Offering—The stock, after reclassification of securities, is to be offered at $50 per share. The holders of common stock (approximately 80,000 out of 158,289) who have not previously waived their pre-emptive rights to subscribe for the new issue of preferred will be afforded a 10-day period after the effective date of the registration statement within which to exercise such pre-emptive rights by subscribing for one share of preferred for each four shares of common stock held. If in the opinion of the company a sufficient number of shares is not subscribed for the company reserves the right to refund all payments and cancel the subscriptions, but if a sufficient number of shares of preferred is subscribed for by the public and by the holders of common, company will offer to exchange 11,000 shares of preferred, $50 par, for the 10,000 shares of preferred stock, 7% cumulative, par value $50 per share, callable at $55 per share, presently outstanding

Underwriting—The preferred stock is not being underwritten. Names of principal brokers soliciting subscriptions are Moroney, Beissner & Co., Houston, Texas, and Mackubin, Legg & Co., Baltimore. The first will receive fees and commissions for transactions occuring in the State of Texas and the second will receive fees and commissions as managers of the selling group offering the preferred stock outside of State of Texas

Proceeds—No specific allocation of the net proceeds has been made, but will be added to and become a part of the general funds of the company

Registration Statement No. 2-5050. Form A-2. (10-12-42)

Registration effective 5:30 p. m. ESWT on Oct. 28, 1942

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill.

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Amendment filed, July 30, 1942 to defer effective date

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed Nov. 9, 1942, to defer effective date

NEIMAN-MARCUS CO.

Neiman-Marcus Co., Dallas, Texas, has filed an amended prospectus with the SEC in connection with the public offering of $700,000 5% cumulative preferred stock, par value $100 per share. According to amended prospectus the public offering price has been reduced from $100 to $92.50 per share, effective Nov. 15, 1942. Statement says that principal underwriters will grant concessions to dealers constituting the selling group of $6 per share. The principal underwriters have also discontinued stabilizing the price of such shares

The registration statement was originally filed Nov. 19, 1942, No. 2-4581, Form A-2. Offering price to public at that time was given as $100.50, with underwriting discounts or commissions of $5.50 per share. Amended prospectus dated May 1, 1942, stated that 1,566 shares of the 7,000 shares covered remained unsold in the hands of the principal underwriters and selling group and price to public was lowered to $100 per share. Amended prospectus does not indicate number of shares still remaining in hands of selling group

Principal underwriters were Moss, Moore & Cecil, Inc., and Dallas Rupe & Son, Dallas, Texas

Company owns and operates retail specialty shop located in Dallas, Texas

(This list is incomplete this week)

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1794)

today it is that there is nothing certain.

Even in peace times, with everything running along smoothly the investor has his task cut out for him. But in times like these, with the air and newspapers full of war communiques and "expert" opinions, the job of understanding it all and trying to buy securities on the basis of such knowledge leads too often to just another loss. Here is a couple of recent examples:

Last week we were electrified by the news of our successful invasion of North Africa. The market ran up on the news. But just when things began to look like the old days, stocks began turning down. So what started out to be a wholehearted rally ended up in just another fizzle.

* * *

The strangest thing about this rally was the almost unanimous opinion that the war was about over. War stocks went down and peace stocks went up. Conservative investors began giving their holdings a going over, looking for war stocks to sell and peace stocks to buy. The end result was just about a two point rally followed by a two point decline. If there was anyone who made money out of this swing it was not the investor, it was the speculator.

* * *

The other night we learned that our Navy had just licked the pants off the Jap invasion fleet in and around the Guadalcanal area. Again you'd think the market would celebrate the victory. But again it did nothing of the sort. Tuesday's Dow averages ranged between a high of 116.24 (after opening at 116.02—a gain of 32 cents from the previous night's close) and a low of 114.42, closing at 114.53, the lowest close since the beginning of the month. The rails did a lot worse. They are back to about the September figures.

Why a naval victory and a successful invasion of a foreign coast should make people feel the war is over is beyond me. People who reason that way are looking back to World War I and have no understanding of the objectives of this war.

* * *

The fact is that our present market is not concerned with yesterday or today. It's concern is tomorrow. Peace objectives of the world of tomorrow are a vital concern to the structure which security markets represent.

The investor would, for example, get a lot more out of reading Vice-President Wallace's speech and the objectives set forth than all the statistics he can find.

The fact remains that whether you approve of Wallace or the New Deal is besides the point. When information is given, no matter its source, one would be short-sighted to ignore it. The speculator has no such problems to cope with. He follows the market action and lets that guide him. Perhaps that isn't the ideal procedure, but it's a lot closer to profits than trying to interpret military maneuvers or inspired speeches.

* * *

To get back to the present market and what to expect: As this is being written the averages are about 114.75, or up about 25 cents from Tuesday's close. The selling appears at times to be of better quality than the buying. This doesn't mean that prices will not rally to say about 115-116 again. It does mean, however, that the burden of proof is still with the bulls. My opinion continues that the market, in terms of the Dow averages, will decline to about 110 before any real base for an up move will be laid. I might emphasize that this opinion is not based on studies of statistics; it is based entirely on market action.

When the market gets within throwing distance of this figure I shall again recommend new purchases. Until then my advice continues the same—no buying yet.

* * *

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Dealers Applaud Editorial Protesting Attempt Of SEC To Ignore Lawful Property Rights

(Continued from page 1787)

DEALER NO. 2

I wish to again congratulate you on your article in yesterday's issue on bureaucratic edicts and controls. I think that it is timely and to the point.

Furthermore, I think that this applies to the NASD as well as the SEC. The NASD, in my opinion, is spending a lot of time and money in needless, and too detailed, investigations and hearings of its members. The NASD also takes the stand that members' profits, not to their liking, constitutes a fraud. A volume could be written as to what, or what not, is a fair, or unfair profit, in the sale of securities.

I certainly agree with you that, as long as there has been no falsification or misrepresentation, there is no basis for fraud, and as long as the purchaser gets full value for his money there is no basis for unfair profits. If a securities dealer makes a bargain purchase, he is entitled to make a longer profit, the same as applies to other lines of business, but the NASD doesn't seem to think so.

You will find enclosed our check for a year's subscription to your timely, and worthwhile, publication. Keep up the good work.—*From a South Bend, Ind., Dealer.*

DEALER NO. 3

You have written many articles and I have always liked the construction, generally speaking. Permit me to compliment you on what I consider a masterpiece in last Thursday's "Chronicle" which I think dealers should read and reread. The article was "Shall Personal Property Rights Be Abrogated by Bureaucratic Edict?" . . . Some dealers may take too big a profit, that is not the point. The point is—and I repeat it for we all know it—we dealers who believe we are fair are subject to constant fear of arbitrary rulings. If the authorities pick our type of business out as an ideal for the rest of the United States, at least they should provide a definite gauge for dealers to use as a guide in determining what does or does not constitute a fair profit. In this way the dealers would have their minds set at ease and know what they are up against and, from that point on, could either fight it out on an open front or go along knowing that they are complying with rules, etc., and that no arbitrary fellow men can make life miserable for him.—From a New York City Dealer.

Chicago Tractions Afford Investment Opportunity

(Continued from page 1786)

payment of, but on the basis of the splendid record of interest payments by these companies it is reasonable to assume that the Court will give authorization sooner or later as it has done in the past.

Since June 3rd, 1942 the various securities of the Chicago Surface Lines and the elevated system have shown substantial price declines, whereas traction securities generally have registered sharp gains.

The interesting tables shown below give their markets as of June 3, 1942, and Nov. 4, 1942, and are a very good comparison of how much out of line Chicago Traction Securities seem to be selling compared with other traction securities.

GROUP "A" CHICAGO TRACTIONS

Name of Issue—	Description	Market June 3, 1942	Market Nov. 4, 1942	Percentage Change
*Calumet & South Chicago	5-1927	60½-61	54½-57½	—10%
*Chicago City Railway	5-1927	59¼-59¾	52 -54	—12
Chicago City Connecting Ry.	5-1927	7 - 7⅜	5¼- 5¾	—25
*Chicago Railway Co.	5-1927	59¼-59¾	52 -54	—12
Chicago Railway Co. "A"	5-1927	11 -11½	9¾-10½	—11
Chicago Railway Co. "B"	5-1927	1¾- 2	1¾- 2	--
Chicago Railway Co. Pur. Mon.	5-1927	6½- 6⅞	5 - 5½	—23
Chicago Rapid Transit	6-1953	7¾- 8⅛	6⅛- 6½	—21
Metropolitan West Side El.	4-1938	10 -10⅜	7¾- 8¼	—22
Northwestern Elev. R. R.	5-1941	13¼-13¾	9½-10¼	—28
Union Elevated Railroad	5-1945	13¼-13¾	9½-10¼	—28

*These three issues have paid interest continually at 5% per annum since issuance although in a few instances payment has been delayed. At the present time they are carrying the Aug. 15, 1942, interest at 2½%, payment of which has not yet been authorized by the Federal Court. On the basis of the interest payment record of these bonds since maturity, the 8-cent fare now in effect, increased traffic and the need for maintaining the credit record of the companies involved, it is our opinion that the court will sooner or later authorize these payments.

GROUP "B" OTHER TRACTIONS

Name of Issue—	Description	Market June 3, 1942	Market Nov. 4, 1942	Percentage Change
Baltimore Transit	4-1975	54½- 55½	53 - 54	— 3%
Baltimore Transit	5% Pfd.	4⅜- 5⅛	9¼- 9½	+100
Chicago & West Towns Ry.	5-1947	35 - 37	53 - 54	+ 52
Conestoga Traction	4-1958	51½- 53½	55½- 56½	+ 7½
Dallas Ry. & Terminal	5-1951	93½- 94½	99¾-100¾	+ 7
Dallas Ry. & Terminal	7% Pfd.	86 - 90	85 - 90	*+ 70
Des Moines Ry. Co.	5-1955	48½- 49¼	49½- 50¼	+ 2
Kansas City Pub. Service	4-1957	57 - 58	76½- 78	+ 34½
Kansas City Pub. Service	5% Pfd.	4 - 4¼	15½- 16	+287
Louisville Railway	5-1950	97½-100½	98¾	+ 1
Louisville Railway	5% Pfd.	21 bid	24 bid	+ 14
Memphis Street Ry. "B"	5-1945	53½	74 bid	+ 40
Scranton Transit	3-1959	19 - 19¾	25 - 26	+ 31
Scranton Transit	4-1959	62½- 63½	71 bid	+ 12
Twin City Rapid Transit	5½-1952	77 - 77½	83⅜- 87⅞	+ 8½
Twin City Rapid Transit	7% Pfd.	32 - 34½	70 - 71¾	+119
St. Louis Public Service	5-1959	88¼- 89	94	+ 6½
St. Louis Public Service	4-1964	44 - 45½	59¼- 60¼	+ 43

*Ex-$61.20 div. on arrears.

Investment Trusts

(Continued from page 1791)

Standard & Poor's Corporation have revised upward their estimates of railroad earnings for 1942.

"On Nov. 5, they estimated 1942 net income for Class I Railroads as a whole at $810,000,000, an increase of more than $310,000,000 or 60% above the already very satisfactory results reported for 1941."

Among the "meaty" portfolio facts included are the following:

Every bond in the Portfolio of Railroad Shares pays its interest and has paid regularly since its original offering date—for periods up to 51 years.

The railroad systems represented in the Portfolio of Railroad Shares earned their fixed charges about 1.92 times in 1941 against 1.83 times for all Class I Roads. The estimate for 1942 is 2.30 times against 2.17 times for all Class I Roads.

These systems operate 71,101 miles of road, equal to 30.7% of the nation's entire railroad mileage.

These selected systems have total assets of $9,599,571,000, or 34.5% of the total assets of the nation's railroads.

The current average price of the bonds in the Portfolio is about 52.65.

The average price of these bonds at 1936-37 highs was 99.94. This means that if these average levels are again attained, the resulting appreciation would be over 89%.

* * *

American Business Shares' "News Letter," issue of Nov. 13, published by sponsor Lord, Abbett, contains some thought-provoking comments on the increased wages for war workers. The following table, taken from a survey by Crossley, Inc., is included.

How the War Worker Families are Spending Their Increased Income

	% of Families
War Bonds and Stamps	94.5%
Paying Off Back Bills	33.1
Furniture	19.5
Insurance	17.9
Savings	12.4
Home Improvements	11.6
Higher Cost of Living	8.1
Family Expenses	6.9
Mortgages	5.7
Automobiles	3.3
Other	2.2

Comments the "News Letter":

"It is significant that a majority of the war working families are properly using their increased earnings to invest in war bonds. At the same time they are building up a vast potential buying power and credit for the post-war period. This is an encouraging fact for American business in that period. The accumulated savings will create a demand for peace-time products which, in turn, will increase the importance of the skilled worker in turning out these products.

"It seems that eventually the war worker will be an important prospect for security dealers."

* * *

The current issue of "Brevits" presents in graph form the annual net earnings of 707 industrial corporations (Standard & Poor's Index) for the period 1927 through 1941 and includes an estimated figure for 1942. The graph is accompanied by the following illuminating comment:

"The extent of the earnings decline from 1941 to 1942 is variously estimated at from 10 to 20% on the average. Assuming the worst for the sake of argument, 1942 earnings should not be less than $2,140,000,000 for the 707 industrial corporations represented in the Standard & Poor's index as shown in the graph. By comparison, the average level of earnings for the 15-year period 1927 to 1942 is $1,874,000,000. Thus, even the lowest estimates place 1942 earnings at more than 14% above the 15-year average.

"In sharp contrast to this situation is the fact that stock prices are substantially **under** the average level of the past 15 years. As measured by the Dow-Jones Average of 30 Industrial Stocks, the average stock price level for the 15-year period from 1927 to 1942 is 154. This compares with the current level of about 114. If the stock price level were to correspond with the earnings level in relation to average levels for the past 15 years, the Dow-Jones index would have to advance to about 175, or some 50% higher than at present."

Dividends

American Business Shares — A dividend of 5 cents per share payable Dec. 1 to shareholders of record Nov. 16, 1942.

Taxation Of Municipals

By THOMAS GRAHAM*

"The Congress shall have power to lay and collect taxes on incomes from whatever source derived without apportionment among the several States, and without regard to any census or enumeration." (Sixteenth Amendment to the Constitution of the United States.)

In the system of government under which the United States has operated successfully where there is (1) the government of the United States, and (2) the government of 48 states of the United States, it has been argued that the literal interpretation of the above Sixteenth Constitutional Amendment gave the Federal Government the right to tax outstanding municipals and also future municipals. In reading carefully the original debate on this subject in the House and Senate, it is very clear that this was never the interpretation of the original proposers of this amendment. If it were so, and this paragraph is taken literally, the Federal Government can just as readily tax the income of states, cities and counties and, also, the income of municipally-owned public utilities.

The people of the country may change the Constitution by an amendment adopted by two-thirds vote of Congress, ratified by three-fourths of the States. If the people think that this exemption of municipals is not in the public interest, the question should be put to the people in a constitutional manner. The constitutional method would give the people a chance to vote on this issue. The time element would not be a great factor, as the Twenty-first Amendment was ratified by the States in 9½ months and even the Treasury Department admits that as a practical matter very little money would be collected for a number of years by taxing future issues.

So far as the practical side of the question is concerned, it was admitted in the Senate debate that even if present issues were taxed, the cost of financing States and their political subdivisions would be increased considerably more than the increased income accruing to the Treasury of the United States. The financing function of local government is the most important one that they have. Without it, it would be impossible for them to survive. The effort to tax future issues and present issues by Congressional Act and not by Constitutional Amendment is an effort to bring a fundamental change in the basic government of the United States. Constitutionalism, which runs through our whole fabric of Government, is involved. It is impossible to maintain the Federal System of the United States if the central government is permitted to impinge upon this fundamental function, which is necessary for the survival of the 48 States and their political subdivisions. I quote Senator Austin of Vermont:

"If it is admitted for a moment that the taxation of the interest on the bonds of municipalities and of the several States is an added burden on the taxes of the States, then the whole case is admitted. If we undertake to say that the Government can do that by the exertion of supreme power, then the Government has, in principle—or lack of principle—exactly the same power to reach in and take the revenues, all sources of life, of the several States.

"What was it that Lenin said? He should be a good guide. He knew how to make a Soviet. Lenin said:

" 'Give me the power to control credit, and I will control government.'

"Lenin proved it. That is what we confront, consciously or not. I do not accuse any member of this body of wanting to change our form of government into a Soviet, but I do say that one of the evil aspects of this proposal is that it takes the most important step toward wiping out the line of separation between governments which exist within the same geographical boundaries and upon whose existence freedom depends."

The most important question facing the people today, outside of winning the war, is the building up of the tremendous central bureaucracy in Washington. The people have gladly given up many rights deemed necessary in Democracy and are willing to give up many more to successfully carry out the war to victorious conclusion; but the Congress and Senate and the governments of all the 48 States should be very careful that any powers given up can be returned to the people after peace is declared. Otherwise, in winning the war, we will have destroyed the democratic system of government as we knew it and the control would be in the hands of the bureaucrats, which has led to the destruction of every great nation in the world, with the exception of the British and American nations. Through history, the British and American people have carefully guarded the privileges they have given up in wartime, with the purpose of seeing that these rights are returned in peace-time, with the result that these countries (United States and Great Britain) are the only two which at the end of a great war have not reverted to dictatorship.

There is enough evidence in other countries that the encroachments on the rights of the people under guise of national emergencies, without the consent of the people, has led to the Nazi and Fascist type of governments against which we are now fighting, not only for our way of life, but for our very lives.

Taxing future issues of municipal bonds would cost our Kentucky counties approximately $10,000,000, as the refunding operations of our various counties, which now near completion, would be stopped. No consideration or estimate can be made of what this proposal would cost the State, counties, schools, cities and towns in future financing and refunding operations.

Every citizen should see that our representatives in the Congress, under war conditions, carefully safeguard our Constitutional privileges so that they may be returned after the war and that no legislation designed and executed under wartime pressure be allowed to usurp and destroy the Constitutional rights of the people of the United States.

***Editor's Note**—Mr. Graham is Manager of the Investment Department of the Bankers Bond Co., Kentucky Home Life Bldg., Louisville, Ky.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Exchange membership of Wilbur F. Smith to Herman N. Scheer will be considered on Nov. 24.

Transfer of the membership of the late John J. Barrett to W. E. Pritchard will be considered on Nov. 24.

Francis F. Rosenbaum, Exchange member, and formerly a general partner in Jones & Co., New York City, became a limited partner in the firm effective Nov. 14.

Ass'n Of S. E. Firms Elect New Governors

The Association of Stock Exchange Firms, at its annual election on Nov. 16, elected 15 Governors and a new Nominating Committee, as follows:

Board of Governors

To Serve for Three Years: Frank E. Baker, Baker, Weeks & Harden, Philadelphia; Eugene Barry, Shields & Co., New York; Herbert F. Boynton, F. S. Moseley & Co., New York; Richard P. Dunn, Auchincloss, Parker & Redpath, Washington; William J. Fleming, A. E. Masten & Co., Pittsburgh; William B. Haffner, Wilcox & Co., New York; Ranald H. Macdonald, Dominick & Dominick, New York; Winthrop H. Smith, Merrill Lynch, Pierce, Fenner & Beane, New York.

To Serve for Two Years: Gilbert U. Burdett, Laidlaw & Co., New York.

To Serve for One Year: Sidney J. Adams, Paul Brown & Co., St. Louis; Albert P. Everts, Paine, Webber, Jackson & Curtis, Boston; George T. Purves, Graham, Parsons & Co., New York; Archie M. Reid, Carlisle & Jacquelin, New York.

To Fill Two Vacancies to Serve for Three Years: John W. Watling, Watling, Lerchen & Co., Detroit; John Witter, Dean Witter & Co., San Francisco.

Nominating Committee

Charles W. Baker, Jr., Laird, Bissell & Meeds, Wilmington; Paul H. Davis, Paul H. Davis & Co., Chicago; Albert H. Gordon, Kidder, Peabody & Co., New York; Laurence M. Marks, Laurence M. Marks & Co., New York; Frank C. Trubee, Jr., Trubee, Collins & Co., Buffalo.

Following the election, the Board of Governors re-elected John L. Clark, President; J. C. Bradford, First Vice-President; George E. Barnes, Second Vice-President; Wm. B. Haffner, Treasurer; William W. Peake, Secretary, and George Storer Baldwin, Assistant Secretary.

Conrad W. Rapp Will Represent Blyth Co.

Blyth & Co., Inc., 14 Wall Street, New York City, announce that Conrad W. Rapp has become associated with it as sales representative in New Jersey territory. Mr. Rapp has been identified for more than 25 years with the investment security business in the State of New Jersey and for the past six years has been a partner of Hand, Rapp & Co. of Newark.

Our Reporter On "Governments"

By S. F. PORTER

We've got it now. . . . We know the pattern from beginning to end and it's a wonderful design. . . . We have been informed in time, been told that moves are under way to meet all objections of minor character, been reassured as to Secretary Morgenthau's awareness of the danger of springing surprises on a heavily pressed market. . . . To put it bluntly—and for a change, to join with the Treasury in singing praises—the fiscal chief's message of last week was a masterfully arranged job. . . . Good for the Treasury. . . . At last, the days of disturbing uncertainty, of shilly-shallying, of "24-hour-a-day" financing are over. . . .

To a certain extent, the news of last week makes the job of this writer so simple that you may at times wonder if there's a justification for a column on Governments during war-time. . . . Maybe there won't be soon, if the program goes over as it should and if no bad mistakes are made by the various groups concerned. . . . Assuming the Treasury pushes through on its announced plan of providing securities for every type of investor and assuming full cooperation is shown by all, the financing effort should move along smoothly for the next few months and maybe for the next year or so. . . . The assumptions, of course, are still assumptions at this moment. . . . But as of today, we have the most encouraging news so far on this side of the war effort. . . .

At this writing, the "on sale" or "tap" bonds as they once were called, aren't out yet . . . They should be on the market during the next 10 days however, and news on terms of all issues is due any day now. . . . If you are eligible to buy these, buy them. . . . The 2½% rate is tops for institutions and is mighty attractive in comparison with the bank interest rate and in comparison with outstanding obligations. . . . They're well worked out, are beautifully distributed, held by permanent investors, have a better-than-average future because of the lifting of the registration-bank limitation clauses in 10 years. . . .

It's difficult to predict the total to be bought on this reopening, but chances are the sale will be the best to date. . . . Maybe $1,500,000,000 of them will go into portfolios of non-banking investors, experts forecast. . . . Certainly, the sale should cross the $1,000,000,000 mark. . . .

And the more sold of these, the smaller will be the total of the bank sale later this month. . . .

HERE IT IS

For individuals: the war bonds, Series E, F and G; the tax-anticipation notes; the "on sale" registered 2½s; any Government bonds on the market now. . . .

For banks: the 2% bonds to be sold again and again as the months roll by; certificates of indebtedness; notes due in one to five years; discount bills; naturally, outstanding issues except for the "on sale" bonds. . . .

For insurance companies: the "on sales"; outstanding bonds, especially long-terms. . . .

For corporations: same as insurance companies with much more emphasis on the tax-anticipation notes. . . .

The whole nation is covered and to be covered by an organization out to place the maximum of bonds in every home and business corporation in the United States. . . .

The services of every organization important in selling have been enlisted. . . .

The real selling program on the Fs and Gs is about to start and these should take a big jump forward. . . .

Sales advisors, advertising advisors, banking advisors. . . . Victory Fund Committees, commercial banking groups, stock exchange associations, security dealer representatives—all of them are in. . . .

For the first time, Morgenthau has consulted with as many responsible financiers as he could find and apparently he not only has listened to them but he has won their friendship. . . . (Not that assistance could be withheld but better honey than vinegar on a program of this kind). . . .

It all sounds good, as we mentioned many sentences ago. . . . It's refreshing to be able to write pleasant things about the Treasury's policy after all the critical analyses of recent weeks. . . .

INSIDE THE MARKET

Big criticism of the October financing, it will be recalled, was the "surprise" feature—the fact that Morgenthau thrust a $4,000,000,000 deal on the market in the form of bonds few had anticipated. . . . Chagrin, surprise, resentment—all played a part. . . . But the criticism was not so much against the coupon of 2% (the war can be financed on any basis the Treasury wishes when you come down to fundamentals) as against the way the deal was handled. . . .

Way in which the December financing is to be handled, on the other hand, deserves only applause. . . . No surprises. . . . Plenty of notice. . . . Carefully-phrased announcement on plans to come. . . .

So the bankers are behind the 2s now to a man. . . . As of course, they must be and have every reason to be. . . . At 2% along with service charges and other interest-returning investments, they can get along fine. . . .

Fact that financing is to go on an every-other-month basis also widely hailed as excellent. . . . Proposal was pushed in this column time and again, has been one of this writer's major suggestions for working out a workable program. . . .

Dealers admit "secondary market" for Governments is disappearing. . . . All interest is in new issues these days and will continue that way. . . .

Market can't go down much, if at all. . . . Can't go up much either, on average. . . . Fluctuations to come, which will be narrow in comparison with previous moves, will be in tax-exempts, experts believe. . . .

Lowering of reserve requirements may come next month. . . . To help banks buy the mammoth issues to go on sale Nov. 30, probably to be delivered in December. . . .

Some talk of a three-way issue for banks in late November, divided into notes, certificates of indebtedness and 10-year 2s. . . . If bonds and others are delivered in December and books are kept open for several days, this may be the December financing. . . .

Which would mean a $5,000,000,000 issue or so. . . .

When issues go on every-other-month basis, look for huge financings running from five to seven billions for banks alone. . . . And reopening of books on the "on sale" 2½s every quarter, as has been the case to date. . . .

Record in sale of tax-anticipation notes is increasingly favorable. . . . October sales were close to $1,000,000,000, as were September sales. . . . But in August, total was only $418,000,000. . . . In July, $388,000,000. . . . In June, $406,000,000. . . . In May, $399,000,000. . . . In April, $254,000,000. . . . In March, $234,000,000. . . . In February, $126,000,000. . . . In January, $237,000,000. . . .

Credit goes 100% to efforts of Victory Fund Committees and their investment banking aides. . . . November figures may be even more impressive than last month's. . . .

And there's still plenty of room for improvement. . . .

S. G. Rosenberg With NY Sav. Loan League

Sidney G. Rosenberg, for the past eleven years associated with the New York State Banking Department, has joined the New York State League of Savings and Loan Associations as Assistant to Zebulon V. Woodard, Executive Vice-President of the League. Mr. Rosenberg's experience in the Banking Department has covered the supervision of savings and loan associations as well as commercial and savings banks and other types of financial institutions. He is well known among managing officers and directors of savings and loan associations throughout the State. His experience in this field will serve to broaden the scope of the service which the New York State League, which is the trade organization for the 256 savings and loan associations of the State, can render its members.

John S. Bauman, V.-P. Of Argus Research

John S. Bauman, formerly of John S. Bauman & Co., investment advisory and brokerage firm, Minneapolis, has been elected a Vice-President of the Argus Research Corp., 61 Broadway, New York City. He has moved from Minneapolis to make his offices with the firm in New York.

Mr. Bauman has been widely known in financial circles in the Middle West since 1919, and in 1921 he was one of the founders and the first President of the Twin City Bond Club. For the last six years he has conducted his own firm in Minneapolis and prior to that he was with Wells-Dickey Company in the same city for 14 years, and for more than three years was Manager of the Minneapolis office of Lee Higginson & Co.

During the last war Mr. Bauman was a Lieutenant in the U. S. Navy convoy service.

S. F. Bond Traders Elect 1943 Officers

SAN FRANCISCO, CALIF.—The San Francisco Bond Traders Association has elected the following roster of officers for 1943:

President: T. W. Price, E. H. Rollins & Sons, Inc.

Vice President: F. A. Baker, Dean Witter & Co.

Secretary - Treasurer: Earl Thomas, Wells-Fargo Bank.

Directors: Earl Parker, Blyth & Co., Inc.; Charles Davis, F. M. Brown & Co.; Peter Finnegan, Hannaford & Talbot; and Jack Sullivan, Bankamerica Co.

Growth Of Air Traffic

Edgar A. Van Deusen, Vice-President of Hare's Research & Management, Ltd., 19 Rector Street, New York City, writing in "Aviation Magazine," has made a most interesting quantitative estimate of the future expansion of the passenger traffic of domestic airlines. Included in the study are comparative charts of trends. Reprints of this interesting study may be had upon request from Hare's Research & Management.

Joseph Hesse Is Now With Sullivan Invest.

(Special to The Financial Chronicle)

WICHITA, KANS.—Joseph B. Hesse has become associated with Sullivan Investment Co., Union National Bank Building. Mr. Hesse was formerly Vice-President of Brooks-Milburn, Inc., and prior thereto was with Sullivan, Brooks Co. and was an officer of the Vernon H. Branch Co.

D. Hungerford Joins Robt. C. Buell Staff

(Special to The Financial Chronicle)

HARTFORD, CONN.—Donald E. Hungerford has joined the staff of Robert C. Buell & Co., 36 Pearl St. Mr. Hungerford was previously manager of the trading department of the Hartford office of Paine, Webber, Jackson & Curtis.

Deep Rock Oil Attractive

The current situation in Deep Rock Oil Corporation, earnings of which in the third quarter of 1942 were the best since reorganization, offers attractive speculative possibilities, according to a circular issued by Doyle, O'Connor & Co., 135 South La Salle Street, Chicago, Ill. Copies of this circular may be had from Doyle, O'Connor & Co. upon request.

Robt. L. Baird Dead

Robert L. Baird, Manager of the commodity department of H. Hentz & Co., 60 Beaver Street, New York City, died at his home of a heart attack. Before joining H. Hentz & Co. 10 years ago, Mr. Baird was an officer of the Baird Rubber and Trading Co. founded by his father.

Geo. B. Marx Now With Mitchum, Tully & Co.

(Special to The Financial Chronicle)

LONG BEACH, CALIF.—George B. Marx has become associated with Mitchum, Tully & Co., Heartwell Building. Mr. Marx for a number of years has been Vice-President of Halbert, Hargrove & Co. and its predecessor firm.

Attractive Situations

Chicago, Milwaukee & Gary 5s of 1948 and Struthers Wells Corp. offer attractive possibilities at the present time, according to memorandums just issued by J. F. Reilly & Co., 71 Broadway, New York City. Copies of these interesting releases may be obtained from the firm upon request.

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Paul Of Treasury Advocates Income Tax Collection-At-Source And Spendings Tax

Randolph E. Paul, General Counsel of the Treasury Department, declared on Nov. 5 that "the most effective weapon in relieving the upward pressure on prices is taxation," because it "strikes at the roots of inflation by impounding consumer spending power."

In an address before the Women's Group of the New York Credit Men's Association, Mr. Paul said that the "income tax and the spendings tax are the forms of taxation that can best handle the tough assignment of fighting inflation."

Since the new income taxes are the heaviest ever, Mr. Paul explained that to meet these payments the Treasury has recommended the establishment of machinery for the collection at source of the regular income tax. Such a plan, he added, in addition to easing the problem of income tax payment, would contribute substantially to the control of inflation in that the "income stream can be tapped as it flows into the hands of consumers before they have a chance to spend their income."

In his remarks on this point Mr. Paul said:

"Under our present method taxes on this year's income are not payable until next year. By that time the income might have been spent, thereby augmenting inflationary pressure. The Ides of March are filled with ill omens. March 15 becomes a terrifying date, which involves postponement of other obligations, or borrowing, to discharge income tax obligations. But, by the use of collection-at-source, the income stream can be tapped as it flows into the hands of consumers before they have a chance to spend their income.

"Collection-at-source is the most effective way of diverting the flow of spending power away from consumer markets, where it will do the most harm, into Government coffers where it will do the most good.

"Collection-at-source has other advantages which I shall cite only briefly. By adapting tax collection to the needs of the taxpayer, it cuts delinquency and evasion, thus protecting the Treasury. Moreover, it keeps the taxpayer out of debt to the Government;

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FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

Of all the world travelers which the Second World War has produced—Mrs. Roosevelt, Harry Hopkins, Averill Harriman, Bill Batt—the most interesting one to our minds is Wendell Willkie. The latter is a fellow, in spite of his fellow writer, Dorothy Thompson, who has really gone and seen places. If we were a magazine editor, we'd buy a story from him any time. Posing in the light of the titular leader of the Republicans, he is really a magazine writer, a very good one who has had more advantages than any writer we can think of.

Out of his writings and sayings should come a better world understanding. For example, there is one thing we can clear up at once. Stalin, talking to the magazine writer, it appears was quite miffed that Mr. Roosevelt hadn't sent a higher authority to see him than Harry Hopkins or Averill Harriman. The latter, we will dismiss with the observation that it was right cruel of Mr. Stalin to sell a fellow Capitalist-Democrat down the river as he obviously did when he told Willkie that he didn't consider Harriman important.

Averill had done better by him. The head of the Union Pacific Railroad went over and met Stalin, had one of those 32 course dinners with him and came back terribly impressed. Averill's idea, and he expressed it in several speeches was, that all of us had terribly misjudged the man Stalin. He wasn't any radical. He was a helluva good fellow. At the time, it reminded us of that period when American business men were beating a steady path over to Rome to meet Mussolini, as a fellow who had established "orderliness" and they had to get a letter from Sol Bloom in order to meet Mussolini, a situation which made Sol an awful big shot in those days.

To skip along, apparently Stalin didn't put in any poison with Willkie against Joe Davies. But this must have been simply because he didn't think of Joe, which is worse than having one's name mentioned in the great Willkie pilgrimmage. But Stalin definitely did not like Hopkins,

(Continued on page 1812)

Notice To Our Readers

Due to the constantly expanding volume of current news of paramount importance to business and industry, we are obliged, owing to space limitations, to divert to Section 1 a considerable amount of material which, under ordinary conditions, is usually contained in this section of the "Chronicle." In bringing this matter to the attention of our readers, we are mindful of our pledge to make every effort to increase the value of the "Chronicle" by reporting, without delay, all of the information essential to a thorough knowledge of the manifold changes in tax and other legislative matters originating in Washington, together with the activities of the many Government agencies whose functions are of increasing importance to the conduct of business in the present

GENERAL CONTENTS

Editorials

Editorial—

Unrepentant and Powerful Lobby

Virtually all of our political analysts agree in interpreting the Republican victory in the recent election as an emphatic protest against playing politics with the war, and against using the war to accomplish reform or revolutionary objectives. A majority also get a bit more specific and ascribe the ground swell as due in no small measure to the Administration's subservience to the organized labor lobby. As evidence to support this conclusion these critics can point to the tremendously large majorities polled by the GOP candidates in the rural regions, where dissatisfaction with the unions' initiation fee—grabbing and high wage policies is most acute.

Accepting this appraisal—and certainly the evidence argues for its acceptance—it is interesting and instructive to speculate what effect the people's protest will have upon the organized labor bloc which may be said to be responsible for the New Deal's reverse at the polls. An excellent opportunity is afforded us to conduct such a study by the week's headlines, since the Congress of Industrial Organization, the labor faction that has benefited most and demanded most from the Administration, is holding its annual convention.

The Financial Situation Editorial which usually appears on the cover page of this Section is given this week in Section 1 of today's Chronicle.

Has the election brought about any new trends in the CIO's thinking? Let us see. The convention started off with a blast from Philip Murray, CIO President, directed —believe it or not—at the Chairman and Vice-Chairman of the National War Labor Board. This is the Federal war agency that has handed Mr. Murray and his cohorts generous wage increases, despite the inflation peril, and also has given his affiliated unions the all-important maintenance of membership contracts. Now why did Mr. Murray bark at the hand that has been feeding him?

After having handed out wage increases galore for the past six months or more, the WLB now finds that under the most recent wage freeze ordered by Stabilization Director Byrnes it should call a halt. A few days ago the WLB chairman and vice-chairman announced that they really

(Continued on page 1802)

Wasted Manpower

On Aug. 31, in the Navy Department, the civilian employees were 500,565, as compared to a total of 110,823 on Dec. 31, 1918.

In the Agriculture Department they numbered 81,645, four times as many as on July 1, 1919, and this figure does not include the employment of 100,000 agricultural committeemen drawing per diem pay and costing the Government alone $50,000,000 a year.

The Interior Department had 47,497, nearly three times as many as on July 1, 1919. The Commerce Department had 24,479, as compared to 10,632 on July 1, 1919.

The new agencies of Government created since the New Deal came into power and which did not exist at all during the last World War have 252,853 employees. . . .

I am convinced that the waste of manpower by the Federal Government in the unnecessary employment in the boards, bureaus and commissions is today a very dangerous obstacle to our full war effort. . . .

***The thumb-twiddlers in our Government service should be given some other work to do.*—Senator Harry F. Byrd.**

We can only hope that the election results will place more influence in the hands of Senator Byrd.

Unrepentant and Powerful Lobby

(Continued from first page)

meant to freeze wages this time. And because previously wage control had meant wage boosting, these two officials this time added that they intended to be "damned tough" about it.

It was to this last phrase that Mr. Murray took exception. He carefully gave his approval to some sort of wage control but protested any inference that the controls should be enforced toughly.

Probably no comment is necessary to point out to the reader what this incident signifies as to the CIO thinking —but it certainly would seem to indicate that even at this late date, when wages in the war industries have soared 20% in the past year, more than double the rise in living costs, the industrial union organization still is not willing to accept many sacrifices to help prosecute the war.

The next important development at the CIO convention is even more instructive. As at every annual convention, the question of unity with the AFL to bring to a halt the jurisdictional strikes and costly organizational rivalry came up for discussion. And in keeping with past custom, the CIO once again formally and solemnly went on record as favoring unity with the AFL.

But once again, Mr. Murray delivered a speech that showed just how the organization really regards this question, which naturally is of utmost importance to all the public. Mr. Murray opposed any labor peace which did not absolutely guarantee the jurisdictional rights of all his constituent unions. In the past this insistence upon absolute protection of these jurisdictional rights (protection of these "rights" is necessary to save the jobs of dozens of union organizers) has prevented all efforts aimed at bringing the AFL and CIO together. Mr. Murray's stand indicates that the new peace moves will be no more successful, and indicates that regardless of the recent election the public must expect a continuation of the inter-union factional quarrels that have plagued the country the past 10 years.

The third incident taken from the convention proceedings also teaches us what to expect. Leader after leader of the industrial unions mounted the rostrum and denounced the businessmen in the War Production Board. While they agreed that the "dollar-a-year men" were responsible for all the muddling in the administration of the war effort, they also agreed upon the necessary remedy—that labor leaders must be brought in to help administer the war production and manpower control programs. More emphatically than ever before, and just as if the election had not occurred, the CIO asserted that the country needed more and more union lobbyists in the Government.

The examples could be multiplied but these three illustrations serve to drive home our point, which is that the elections have not caused the CIO to deviate one inch from the policies it has followed since its formation. The convention proceedings indicate that the CIO intends to demand more and more power for the unions, just as it has continued to demand higher and higher wages for its members. And the proceedings indicate also that the Administration is expected to deliver the goods.

Clearly, the elections have not influenced this branch of the powerful organized labor lobby.

Does this mean that the industrial unions are blinded by their many past successes and that like John L. Lewis, their one-time President, they can be expected to plunge themselves into ruin by failing to heed a change in public opinion? Perhaps so, but the public cannot sit back and count upon it.

While the unions are not conceding the need for a single change in their policies they do realize they are in for a fight to protect their special advantages, which they so euphemistically call "social gains." There can be no doubt that they are already girding their loins for the great fight in 1944. And all those who may be encouraged by the unions' refusal to change their policies should note that organized labor will come into those 1944 elections with many resources they lacked in earlier campaigns where they nevertheless rendered yeoman service to the New Deal.

In the first place, the unions will come into the elections with unprecedented cash resources which can be spent on political campaigns. Even in 1940 the union treasuries were pitifully small indeed compared to what they will be in 1944. This year, the WLB has instituted maintenance of membership clauses throughout the war industries. This insures that the CIO unions will collect next year some $60,000,000 for their national treasuries (not to count what the unions take in for initiation fees, sickness and death benefits, and local union dues), and an equal sum again in 1944—all this tax-free. The AFL national organizations probably will collect an even larger sum each year.

To gain some perspective as to what maintenance of membership may mean politically one must remember that in the 1940 election, the CIO was near-bankrupt, its largest unions, in the steel, electrical, auto and shipbuilding industries, had much smaller memberships, perhaps only half their present totals, and few among even that small membership paid dues regularly. Now, the great memberships in those industries must pay dues or lose their jobs by Government edict.

We have discussed chiefly the CIO but the argument is applicable also to the AFL. The American Federation has thousands more dues-paying members than it had in 1940. And to show that it is preparing for 1944, consider one little-publicized action of its recent 1942 annual convention at Toronto. The AFL voted to carry on a major publicity campaign and has set aside a sum reported to be $1,500,000 for this activity.

Thus, the AFL and the CIO both will have more money available for political activities during the next two years than ever before in their history. And in view of the action of the AFL convention and past history of the CIO there seems little doubt that they will use it.

Thus, the deliberations of the CIO show the nation that the lesson of the recent elections is largely lost upon the unrepentant labor lobby. In view of the far greater financial strength and memberships of the two dominant unions, this calls for greater vigilance and far more attention to public education on the issues by all those who oppose labor or socialistic administration of the government. The New Deal's comeback in 1940 after the Republican gains in the 1938 election provides added warning against overconfidence and complacency caused by the outcome in the 1942 balloting.

The State Of Trade

Business news generally was regarded as quite favorable, with some of the heavy industries showing slight reactions for the week, while retail business continues active and shows further expansion. Steel operations, while off from the previous week, are still virtually at the capacity mark.

Steel production in the United States is scheduled this week at 98.7% of capacity compared with 99.% a week ago, a reduction of 0.9 point, the American Iron & Steel Institute announced. A month ago the rate was 101%, and a year ago, when capacity was smaller, 97%.

At 98.7%, steel ingot production for the week would be 1,688,400 net tons against 1,703,000 tons last week and 1,602,600 tons in the like 1941 week.

Electric power production in the week ended Nov. 7 dropped slightly below the preceding week due to the Election Day holiday, but held well above a year ago, the Edison Electric Institute reported.

Output of 3,761,961,000 kilowatt-hours compared with 3,774,891,000 (a new peak) in the preceding week and was 11.7% above 3,368,-690,000 in the like week of 1941.

The Pacific Coast continued its leadership over other areas in point of gain over 1941, with an increase of 28.8%. Last week it was 31.2%.

Carloadings of revenue freight for the week ended Nov. 7 totaled 829,490 cars, according to the Association of American Railroads. This was a decrease of 60,979 cars below the preceding week this year, 44,092 fewer than the corresponding week in 1941 and 51,172 cars above the like period two years ago.

This total was 120.03% of average loadings for the corresponding week of the 10 preceding years.

Engineering construction for the week totals $304,221,000, fourth highest weekly value ever reported by "Engineering News-Record." It is 134% above the corresponding 1941 week and more than double the $137,412,000 for the holiday-shortened preceding week.

Federal construction makes up 96% and triples the 1941 week's total. It is responsible for the 161% increase in public work, as State and municipal work is 64% below a year ago. Private construction declined 54% from last year.

Current construction brings 1942 volume to $8,766,218,000, or 62% above $5,424,579,000 for the 46-week period in 1941. Private construction — $527,884,000 — is 52% below the same period last year, but public work—$8,238,334,000—is 90% above a year ago as a result of the 140% increase in Federal volume.

Department store sales on a country-wide basis were up 20% for the week ended Nov. 7, compared with the same week a year ago, according to the Federal Reserve System. Store sales were up 17% for the four-week period ended Nov. 7, and were up 11% for the year ended Nov. 7.

More favorable weather, with its resulting improvement in demand for seasonal merchandise and Christmas goods, brought a sharp upward swing in retail trade last week after a mild lull noted in the previous period, Dun & Bradstreet, Inc., reported in its weekly trade review.

"Winter apparel led the gains in the seasonal merchandise lines. The increased wages, common throughout the country's manufacturing centers, plus the higher farm income, has sent spending to record levels, with little effect of the expected tax increases felt as yet, except in some cases of customers with high incomes.

Although war output increased, no uniform trend was apparent in the production of consumer goods: both moderate increases and decreases frequently were reported in important industries. Numerous manufacturers indicated that heavy ordering was postponing or flattening considerably the seasonal decline usual at this time. Others asserted that labor losses were causing production to drop off despite continued strong demand for their products.

"Early reordering to overcome delivery delays, coupled with additional Government business, continued to pile unfilled orders higher in many instances."

Never before has purchasing power been so great for Christmas buying as it is this year, observers state. The only development that could keep retail sales from reaching a new peak level would be shortages of many types of merchandise due to wartime restrictions.

It is pointed out, however, that retailers generally are entering this holiday season with adequate stocks of most types of goods to support a record volume of sales. It is reported that staple classes of merchandise are generally available in ample supply. This is reflected in the index of department store stocks compiled by the Federal Reserve System, which registered a rise of approximately 50% over the corresponding period last year in the early fall.

It is stated that the intensive "shop early" campaign assures a very sharp expansion of retail sales for November, but this should be offset by a correspondingly smaller gain in December. Results for the two months should be considered together, therefore, in measuring the current Christmas season's sales.

FDR Appeals To French To Cooperate With U.S.

President Roosevelt, in a short-wave radio broadcast to the French people on Nov. 7, informed them that the purpose of the landing of American troops in the French colonies in Africa was solely to "rout your enemies" and assured them that the Allies seek no territory. The President. who spoke in French, appealed to the French people to cooperate, where possible in order to hasten the "glorious day when liberty and peace shall reign again on earth."

An English translation of President Roosevelt's talk follows:

"My friends, who suffer day and night, under the crushing yoke of the Nazis, I speak to you as one who was with your army and navy in France in 1918. I have held all my life the deepest friendship for the French people —for the entire French people. I retain and cherish the friendship of hundreds of French people in France and outside of France. I know your farms, your villages, and your cities. I know your soldiers, professors, and workmen. I know what a precious heritage of the French people are your homes, your culture and the principles of democracy in France. I salute again and reiterate my faith in liberty, equality and fraternity. No two nations exist which are more united by historic and mutually friendly ties than the people of France and the United States.

"Americans, with the assistance of the United Nations, are striving for their own safe future as well as the restoration of the ideals, the liberties, and the democracy of all those who have lived under the tricolor.

"We come among you to repulse the cruel invaders who would remove forever your rights of self-government, your rights to religious freedom and your rights to live your own lives in peace and security.

"We come among you solely to defeat and rout your enemies. Have faith in our words. We do not want to cause you any harm.

"We assure you that once the menace of Germany and Italy is removed from you, we shall quit your territory at once.

"I am appealing to your realism, to your self-interest and national ideals.

"Do not obstruct, I beg of you, this great purpose.

"Help us where you are able, my friends, and we shall see again the glorious day when liberty and peace shall reign again on earth.

"Vive la France eternelle!"

President's Message To Petain Rejected— Vichy Breaks Diplomatic Relations With U. S.

The White House disclosed on Nov. 8 that President Roosevelt had explained in a letter to Marshal Henri Philippe Petain, Chief of State of the French Republic, that the reason for dispatching American forces to French North Africa is to repel Axis proposals to invade and occupy that territory. The President said that an invasion and occupation of French North and West Africa by Germany and Italy "would constitute for the United States and all of the American republics the gravest kind of menace to their security—just as it would sound the death knell of the French Empire." He further asserted that the immediate purpose of the American action was "to support and aid the French authorities and administrations" and that the "ultimate and greater aim is the liberation of France and its empire from the Axis yoke."

In his message of reply, rejecting the President's explanation Marshal Petain said that he had learned "of the aggression of your troops against North Africa" with "stupor and sadness." He disputed the President's statement of the Axis threat, saying that "you attribute to your enemies intentions which have not ever been manifested in acts."

"France and her honor are at stake," Marshal Petain said. "We are attacked; we shall defend ourselves; this is the order I am giving."

As a result of the American landings on French African territory, the Vichy Government on Nov. 8 severed diplomatic relations with the United States. Notification to this effect was handed to S. Pinkney Tuck, American Charge d'Affaires in Vichy, by Marshal Petain following a Cabinet meeting.

The text of the President's letter to Marshal Petain follows:

"Marshal Petain:

"I am sending this message to you as Chef d'Etat of the United States to the Chef d'Etat of the Republic of France.

"When your government concluded the armistice convention in 1940, it was impossible for any of us to foresee the program of systematic plunder which the German Reich would inflict on the French people.

"That program, implemented by blackmail and robbery, has deprived the French population of its means of subsistence; its savings; it has paralyzed French industry and transport; it has looted French factories and farms — all for the benefit of a Nazi Reich and a Fascist Italy under whose governments no liberty-loving nation could long exist.

"As an old friend of France and the people of France, my anger and sympathy grows with every passing day when I consider the misery, the want and the absence from their homes of the flower of French manhood. Germany has neglected no opportunity to demoralize and degrade your great nation.

"Today, with greedy eyes on that empire which France so laboriously constructed, Germany and Italy are proposing to invade and occupy French North Africa in order that they may execute their schemes of domination and conquest over the whole of that continent.

"I know you will realize that such a conquest of Africa would not stop there, but would be a prelude to further attempts by Germany and Italy to threaten the conquest of large portions of the American hemisphere, large dominations of the Near and Middle East, and a joining of hands in the Far East with those military leaders of Japan who seek to dominate the whole Pacific.

"It is evident, of course, that an invasion and occupation of French North and West Africa would constitute for the United States and all of the American republics the gravest kind of menace to their security—just as it would sound the death knell of the French empire.

"In the light of all the evidence of our enemy's intentions and plans, I have, therefore, decided to dispatch to North Africa powerful American forces to cooperate with the governing agencies of Algeria, Tunisia and Morocco in repelling this latest act in the long litany of German and Italian international crime.

"I am making all of this clear to the French authorities in North Africa, and I am calling on them for their co-operation in repelling Axis threats. My clear purpose is to support and aid the French authorities and their administrations. That is the immediate aim of these American armies.

"I need not tell you that the ultimate and greater aim is the liberation of France and its empire from the Axis yoke. In so doing, we provide automatically for the security of the Americas.

"I need not again affirm to you that the United States of America seeks no territories and remembers always the historic friendship and mutual aid which we have so greatly given to each other.

"I send to you, and through you to the people of France, my deep hope and belief that we are all of us soon to enter into happier days.

FRANKLIN D. ROOSEVELT."

Marshal Petain's reply follows:

"It is with stupor and sadness that I learned tonight of the aggression of your troops against North Africa.

"I have read your message. You invoke pretexts which nothing justifies. You attribute to your enemies intentions which have not ever been manifested in acts. I have always declared that we would defend our empire if it were attacked; you should know that we would defend it against any aggressor whoever it might be. You should know that I would keep my word.

"In our misfortune I had, when requesting the armistice, protected our empire, and it is you who, acting in the name of a country to which so many memories and ties bind us, have taken such a cruel initiative.

"France and her honor are at stake.

"We are attacked; we shall defend ourselves; this is the order I am giving.

PHILIPPE PETAIN."

All Gas Coupons Must Be Identified

The Office of Price Administration on Nov. 9 announced that car owners and others holding gasoline books under mileage rationing will be required to write identifications on the back of their coupons to insure against theft and misuse. The vehicle's license number and State of registration will identify most passenger car, truck and motorcycle operators.

This new regulation will become effective in the Eastern rationed area on Nov. 22 and in the remainder of the country on Dec. 1. After those dates gasoline dealers will not be permitted to accept coupons from their customers unless the coupons are properly identified.

License numbers and other identifications are to be written in ink.

Car Owners To Get Tires And Recaps

The Office of Price Administration on Nov. 7 announced that all passenger automobiles will be eligible for recapping services or replacement tires under the national mileage rationing program which will go into effect on Dec. 1.

Those receiving new tires or recaps, however, will be limited by quotas assigned to local rationing boards. Program provides for giving the best replacement tires to car owners allowed the greatest amounts of driving and for giving secondary replacements to low mileage drivers.

To provide as much mileage as possible with a minimum use of rubber, emphasis initially will be put on recapping the tires now on cars through the use, almost entirely, of reclaimed rubber. With a few exceptions, car owners will not be eligible for replacements if their casings can be made serviceable by recapping.

When replacements are necessary, not all cars will be eligible for the same grade of tire. The regulations define three grades, and the grade for which each motorist is eligible will depend upon the amount of gasoline he is allotted under the mileage rationing plan.

Car owners whose gasoline allowance provides 560 miles a month or less—the "B" and "A" book holders—and whose tires are worn to the recapping point will be eligible for a certificate entitling them to get recaps. If any of the castings are unfit for recapping, then the car owners will be eligible for certificates authorizing the purchase of a grade three tire. Grade three tires are defined as used tires, recapped tires and new tires made of reclaimed rubber.

All mileage book holders will be eligible for innertubes. When they get rationing certificates for tubes they may buy new or used tubes at their option.

A car owner who gets gasoline for more than 560 miles but less than 1,000 miles monthly will be eligible for a recapping job if his tire is recappable. If it is not, he will be eligible for a certificate for a grade two tire.

Car owners with monthly allotments exceeding 1,000 miles will be eligible for recapping, or, if their casings are not recappable, for grade one tires.

Registration Starts

New York City automobile and motorcycle owners started on Nov. 10 to file a new application form, with record of tire inspection, to validate their right to use their ration books already issued to them. Six hundred and fifty thousand motorists holding basic "A" ration books will be required to file the new application.

This application binds motorists to keep within the 35-mile speed limit, not to operate tires beyond the recapping point and to possess not more than five tires for a given vehicle. The application carries the usual OPA warning of a "maximum of 10 years' imprisonment, $10,000 fine, or both" for making any false statement or representation.

The most important information needed to fill out the application is the list of serial numbers on every tire which the owner or any relative living in his house owns for the same vehicle and the serial numbers on all gasoline ration books in possession of the motorist.

Vehicle operators in the Eastern rationed area must obtain their tire inspection records by Dec. 12, 1942, since it will be illegal to operate a car after that date without a tire record.

No passenger automobile may legally be operated over more mileage than can be obtained in the vehicle on the basis of the ration issued for it. In other words, gasoline substitutes may not be used to drive a greater mileage than is allowed.

Owners with more than five tires for each vehicle are urged to turn in their excess casings to the Government by asking the Railway Express Agency to call for them. The Government appraises the tires and buys them.

The OPA has fixed a ceiling price of 25 cents for inspection of all five tires on a vehicle if no tire has to be removed for inspection. It will allow a charge of 50 cents for each tire that has to be removed from the rim for inspection, it was disclosed at local OPA offices. "A"-book holders must have inspection of all tires every four months; "B" and "C" holders every two months.

Motorists who have obtained "A" or other types of ration books and who have put their cars in dead storage need not register for tire and mileage inspection if they turn in their books. Owners of cars in storage who turn in their books may apply for a reissue when they take their cars out of storage. Those who desire to retain their ration books, however, must take cars out of storage for inspection every four months in the case of "A" book holders and every two months in the case of "B" and "C" book holders, it was explained by OPA experts.

Inspections of passenger cars will begin on Dec. 1 and all owners must have had their first inspection before Jan. 31, 1943.

Inspection of commercial motor vehicles began on Nov. 15 and the first inspection may be any time before Jan. 15, 1943.

Further Curtailment Of Oil And Gas Asked

Pointing out that already curtailed American East Coast oil and gasoline supplies now must serve two additional coasts—the Mediterranean and Atlantic African coasts—Petroleum Coordinator Ickes on Nov. 12 called for further voluntary curtailment of consumption of both fuel oil and gasoline. He said, in part:

"With all of the miracles that the railroads and other emergency systems of transport have performed in supplying us with oil and gasoline we still haven't got enough in the Eastern States to continue even our reduced consumption. Many citizens who could have converted their heating plants from fuel oil to coal have not done so. Industries asked to convert have not universally responded. Motorists have not cut out all of the driving that they could cut out—not by a good deal. Many still drive wastefully more than 35 miles per hour.

"We are coming into the cold months that even in times of peace bring the greatest demand for petroleum products in this country. But this time we not only have to fuel the East Coast but two other coasts overseas and a world at war. No citizen wants to burn the petroleum products that our expeditionary forces need. But, nevertheless, they are competing for that precious oil. This Government will see to it that its Army and Navy on the battle fronts are served first. The most direct action that any citizen can take to support those forces is to cut his own home oil and gasoline consumption so that this essential to victory goes first to where it does the most good."

Secretary Ickes on the same day told his press conference that he has recommended that the War Production Board and the Office of Price Administration reduce non-military consumption of petroleum products by 139,000 barrels per day—a 12% curtailment. Of this amount, 80,000 barrels would be taken out of current gasoline consumption and 59,000 barrels from light and heavy fuel oil. This recommendation, which he said should be put into effect immediately, would represent a decrease of approximately 20% or 25% in gasoline consumption by East Coast users, according to estimates.

On Nov. 17, the OPA reduced the value of each basic "A" gasoline ration coupon from four to three gallons in 16 of the now rationed Eastern States and indicated that some further cuts in fuel oil rations for home heating may be necessary. The exception to the gasoline order, which becomes effective on Nov. 22, was the small rationed section of West Virginia. Outside the East, the basic "A" ration of gasoline will remain four gallons when nationwide rationing goes into effect on Dec. 1, but such coupons will be worth only three gallons if used in the Eastern area. The value of the supplemental "B" and "C" coupons will remain at four gallons.

On Nov. 13, the OPA announced that it intends to treat all heating plants, other than those for private homes, as "convertible" to coal, thus depriving them of all fuel after the end of January unless their owners can prove to the contrary. This action was taken by the issuance of Amendment 7 to Fuel Ration Order 11.

Nationwide Mileage Rationing Postponed

The Office of Price Administration on Nov. 10 announced the postponement of nationwide mileage rationing from Nov. 22 to Dec. 1, due to unavoidable delays in the distribution of the necessary forms and rationing books.

The OPA's announcement further went on to say:

"The delay was caused largely by the wartime congestion of America's transportation system which made it impossible to maintain delivery schedules in all parts of the country on the more than a third of a billion pieces of printed matter necessary to put the program into effect.

"Regional OPA administrators at the same time were authorized to delay the school house registration from Nov. 12, 13 and 14 to Nov. 18, 19 and 20 where necessary, but OPA asked that the registration go forward on schedule in all places where the forms and books have been received.

"The new effective date for the start of rationing applies to all commercial as well as passenger vehicles. In the case of rations for commercial vehicles, War Price and Rationing Boards will reduce by 20% the gallonage allowed by the Office of Defense Transportation for the 40-day period from Nov. 22 to Dec. 31, due to the shortening of the ration time within that period. The Transport rations to trucks may be granted by the local boards to holders of ODT certificates of war necessity as soon as the rationing materials are available.

"The effect of the delay on 'A' book holders in the unrationed area will be to give them a gasoline bonus of a little more than a coupon's worth. No ration coupons will be removed from the 'A' books to allow for the change in dates.

"The life of the Service ration books in the present Eastern rationed area, scheduled to expire on Nov. 22, was extended to Dec. 1."

Unequivocal Friendship And Support For Russia Declared By T. W. Lamont

Declaring his "unequivocal friendship and support for Russia," Thomas W. Lamont, of J. P. Morgan & Co. Incorporated in addressing the Congress of American-Soviet Friendship at Madison Square Garden on Nov. 8 stated that "among the less engaging qualities of us Americans is a habit of irresponsible criticism of other nations." "We all," he went on to say, "have that habit more or less, and sometimes it penetrates even to our legislative halls at Washington. But when we discuss Russia, it seems to me that, however much her social system may differ from our own, that difference has no bearing on the question of our alliance today with the people of Russia who, with their deep-rooted love of their country, have shown sublime resistance against our common enemy, Hitler." The Congress before which Mr. Lamont spoke, was presided over by Joseph E. Davies, former Ambassador to Soviet Russia, and others who addressed the Congress were Vice-President Wallace, Governor Lehman of New York, and Mayor La Guardia. Mr. Lamont referred to his recent public plea asking for "whole-hearted support of our friend and ally, Russia," "begging that we be more tolerant to her on matters where we differed in political outlook." "The response that I received from all sections of the country," said Mr. Lamont, "was quick and generally sympathetic. A few dissenters," he noted, "have demanded of me whether I had forgotten my early religious training; whether I had abandoned my belief in the democratic system of individual effort." In part Mr. Lamont went on to say:

"My answer is always—No. I was reared in a little country parsonage up the Hudson River, and I still cling to the faith of my fathers. And my political and economic convictions remain unchanged. I am anything but a Communist. But in this great, joint struggle for national survival, in which Russia and we and all the many other United Nations are engaged, questions of the religion, of the politics and economics practised by our Allies have become entirely secondary for me. And so, as a business man among business men in this community for over 40 years, I am glad to stand up and declare my unequivocal friendship and support for Russia.

"Only last Friday in his speech at Moscow the head of the Russian State declared: 'It would be ridiculous to stress ideological differences between Russia and her Allies in the face of the common foe.' And so I repeat: We Americans have no mandate to censor other peoples' politics or religion. Censoriousness at this time toward any of our Allies fighting by our side does grave injury to our own country and to our common cause."

Mr. Lamont added that "all the more do I say this because without Russia as our friend in the post-war years, never will a man or woman in this great audience see a peaceful or a stable world. France as a great power, though we pray for her resurrection, is for the time under complete eclipse. Today the Russian nation is the only one on the Continent of Europe that can be a great stabilizing influence." Continuing, Mr. Lamont said:

"For the post-war world America, Britain, Russia and China—we and all the United Nations—must stand together to preserve civilization. These peoples must see to it that for the sake of world peace for generations to come, those two ferocious and predatory powers, Germany and Japan, shall always face a double front. Germany must be forced to face Britain on the West, Russia on her Eastern front; Japan must face America on the East, China and Russia on the West. Yes, for us a modus vivendi with Russia in war and in peace is vital.

"Early in the present conflict, Field Marshal Smuts was predicting that the war would become world wide, spreading to the utmost reaches of the earth. 'This,' said he, 'is a gigantic struggle, a war in the souls of men, an immense conflict between light and darkness. Evil incarnate trying to subdue the Divine principle in the hearts of men.'

"Yes, these are days that mark a great turning point in the history of the world: like the fall of Rome, like the defeat of the Spanish Armada, like the discovery of America, or the Declaration of Independence. What threatens us most in this great aggression by Germany and Japan against the liberties of peoples all over the earth is the loss not of material, but of the invisible things of the spirit that give us light and understanding, that are the essence of a community and of a civilization.

"It is years of trial like these that we are passing through that seem to work a change in the scale of human values. No longer do we think of life in terms of years but of quality. On every battle front where our American youth are fighting today we see emerge the higher and nobler qualities — of heroism, of selflessness, of supreme sacrifice. We know too the attributes of the British peoples, for we are of the same stock and the same faith. We must learn to know equally well the quiet heroism, the immense patience, the constructive endeavor of the Chinese. And today of all days we must be glad of the incredible valor and love of country and of peace of the Russian people.

"Just as we Americans must strive to gain their complete confidence, they too must learn to realize the good faith of America and equally of Great Britain. Only so shall we see a new world in which America, Britain, Russia, China and all the United Nations have a powerful and creative place. No one could listen to the thrilling address of Prime Minister Smuts in London on Trafalgar Day without realizing that, as with Russia, no appeasement with Germany or Japan is possible in Britain today. Nor here in America. There can be no peace talks until that arch-enemy of mankind, Hitler, suffers complete defeat. . . .

"How often has it been said that Stalingrad has become a symbol—a symbol not of despair but of desperate and unconquerable valor! The city on the Volga may be shattered, its streets heaped with rubble. But Russia will continue indomitable and free. Her heroic stand will have achieved great ends. Despite heavy casualties, Russia's military might still faces Hitler's hordes. Russia's stand will have given precious months to the Allies to prepare for that great offensive which on more than one front is already begun. Of course the Russians are fighting for themselves. So are we. Only it happens that in saving themselves the Russians have held up Hitler, and in saving themselves may well have saved civilization.

"The Volga River may run red with blood. Stalingrad may be in ruins. But whatever happens, that citadel of courage and faith will remain the symbol of victory. Stalingrad will live to rise again. Down the ages mankind will remember how the Greeks withstood the barbarians at Thermopylae and the Russians at Stalingrad!"

Passage For US Troops Through Tunisia Asked

The White House disclosed on Nov. 9 that President Roosevelt had sent messages to the leaders of the French North African Protectorate of Tunisia asking permission for passage through Tunisia of Amercian armed forces in order to eliminate Axis forces from North Africa.

The President's request was made to Sidi Moncef Pasha, Bey of Tunis, through Admiral Jean Pierre Esteva, French Resident General at Tunis. It was sent Nov. 7, at the same time as the appeal to Marshal Henri Petain, Chief of State of Vichy France, not to obstruct American landings in North Africa.

The text of the White House announcement follows:

In connection with the current military operations in French North Africa, the President has sent the following messages to the Resident General at Tunis, Admiral Jean Pierre Esteva, and His Highness Sidi Moncef Pasha, Bey of Tunis, respectively:

To the Resident General

Your Excellency:

I take the liberty of requesting your good offices in the transmission to the addressee of the accompanying message of the President of the United States, addressed to His Highness Sidi Moncef Pasha, Bey of Tunis.

Your loyal efforts, my dear Admiral, since the tragic days of June, 1940, to stem the tide of Axis infiltration in North Africa and to retain for France and the Tunisian population some vestige of liberty and well-being are often in my thoughts.

Now that the insatiable designs of Germany and Italy in their mad drive for world domination and oppression stretch out to encompass Tunisia in their onward march, I have determined to support French and Tunisian resistance by the dispatch to North Africa of powerful American forces. These forces are equipped with masses of the most deadly instruments of modern warfare and they are instructed to cooperate with friendly French officials and the Tunisian population looking to the early destruction of our common enemy.

I know that I may count on your understanding of American friendship for France and American determination to liberate the French Empire from the domination of its oppressors.

Long live France! Long live the United States of America!

FRANKLIN D. ROOSEVELT.

To the Bey of Tunis

Your Highness:

I have not ignored the terrible predicament into which the brave Tunisian population has been thrown by the progress of the war. Your country, I know, is beset on all sides by dangers with which you, alas, are only too familiar. Your people are victimized by the organized rapacity of the Germans and Italians, which has stripped the Tunisian population of the barest necessities of life, reducing it to madness and want.

Now I learn that those same Italian and German elements, not content with organized plunder, seek to occupy and completely dominate your country and to impose on your proud people a condition of misery to which, I am sure, they will never submit.

The indomitable and massive American armed forces which I am dispatching to North Africa in collaboration with the forces of France will cooperate with you in the defense of your country. They have no other aim than the early destruction of our common enemies. They and their allies hope for the great privilege of passage through Tunisia, thus enabling them to accomplish their mission — the elimination of the forces of evil from North Africa.

Your recent ascension to power and your expressed aspirations for the welfare of your people, in whom I have profound confidence, permit no doubt of the speedy and favorable outcome of our joint measures of defense.

May God have Your Highness in His safe and holy keeping.

Your friend,

FRANKLIN D. ROOSEVELT.

Fuller Urges Realism, Not Regimentation

Much wartime "regimentation" can be avoided and a vast source of additional manpower can be opened up if the country will get "realistic" about the 40-hour-week, strikes, absenteeism and other causes of time-wasting, Walter D. Fuller, Chairman of the Board of the National Association of Manufacturers, declared on Nov. 10. Addressing the New York State Federation of Women's Clubs, at Syracuse, Mr. Fuller, President of the Curtis Publishing Co. and former N. A. M. President, cited the present trend toward "concentration" of industries, and demanded:

"Should we put the heavy hand of such government planning on the present and future of thousands or millions of workers in so-called non-essential industries before we have tackled the opportunity that is presented by 250,000,000 man-days lost this year through illness, absenteeism, strikes, accidents and labor turnover? Or before the nearly 2,000,000 who still are unemployed have been put back on payrolls?"

Mr. Fuller also questioned the "logic" of upsetting industries supplying civilian needs before "squeezing some of the non-essential workers out of government employ." He pointed out that the Federal Government now employs 2,500,000 persons in non-military activities—"an increase of more than a million in the year when the industrial manpower problem has steadily become more critical."

Absenteeism alone, he said, is costing war industry 121,000,000 man-days this year. Strikes during the first nine months of this year wasted 3,865,000 man-days. The 40-hour-law, the N. A. M. Chairman asserted, was a "share-the-work" plan inaugurated during a period of great unemployment, "but we no longer need to share the work." Pointing out that the Russians are working 66 hours a week; the Germans 60 hours, and the English 56 hours, he declared America will have to do better than 40 hours. He cited Works Progress Administration figures, which show that, in non-agricultural work alone, an increase from 40 to 48 hours would be the equivalent of 4,000,000 more workers; while a 56-hour week would be the same as adding 8,000,000.

Chicago Home Loans Up

Illinois and Wisconsin people borrowing for home ownership purposes outside the Metropolitan areas staged a comeback in their ratio of total home borrowing toward the end of the summer, A. R. Gardner, President of the Federal Home Loan Bank of Chicago, pointed out on Oct. 31. The bank, which keeps count of home mortgage recordings under $20,000 by all types of lenders individual and institutional, showed that dollar volume rose in Aug. to $31,340,000, largest since May, and 46.1% was outside Cook and Milwaukee Counties. This, it is announced, is the largest part the smaller cities have played in the home lending activity of the region since April. From the bank's announcement we also quote:

"Contrary to the national trend which showed a 5% drop from July to August, volume in this district was some $100,000 greater than in July.

"Savings, building and loan associations maintained their predominance as the source of such funds, furnishing $31.85 out of every $100 loaned for home ownership purposes in August. Next largest source was a group of miscellaneous lenders, while banks and trust companies ran third in the ratios of dollar volume to total loaned."

Mr. Gardner said that while total home lending for the month was 16% less than in the same month of 1941, it was 12% greater than in August two years ago, deducing from this that the war has not affected the habits of the average person as to his long-time investments such as home ownership.

NY Commerce Chamber Cancels Annual Dinner

For the first time in a quarter of a century and one of the few times in its 174 years history, the Chamber of Commerce of the State of New York will not hold an annual banquet this year, it is announced by Percy H. Johnston, Chairman of the Banquet Committee. The dinner, which usually brings together upwards of a thousand business leaders, is held on the Thursday preceding Thanksgiving Day. In deciding to abandon the banquet this year, the nation's oldest Chamber takes the same position it took during the first World War when it decided that large formal dinners had no place in an all-out war effort.

In 1914, the year in which World War I began, the Chamber called off its annual banquet and again in 1917 and 1918 when the United States was a belligerent. In announcing the same action this year Mr. Johnston, who is Chairman of the Chemical Bank & Trust Co., said:

"It was almost the unanimous conclusion that the Chamber should abandon the dinner this year, and that all business people and all citizens should center their efforts on winning the war."

Associated with Mr. Johnston on the Banquet Committee were Richard W. Lawrence, George McAneny, Thomas H. Blodgett and John M. Davis.

Increased Milk Subsidy For N. Y. Distributors

The Federal Government will double its subsidy of New York City milk distributors during November at a cost of between $800,000 and $880,000 to relieve the "squeeze" between increased farm prices for milk and Office of Price Administration wholesale and retail ceilings, it was announced on Oct. 31 by Charles J. Blanford, Federal-State Administrator of the New York metropolitan milk marketing area.

The New York "Herald Tribune" of Nov. 1 reported the following:

"Under the program the Commodity Credit Corporation will buy No. 1 fluid milk (which is sold as fresh milk) for $3.50 a hundredweight (46.51 quarts) from the handlers and sell it back to them for $3.10 a hundredweight, the Federal Government taking a loss of 40 cents on each transaction. The subsidy is approximately a cent a quart and part of its purpose is to prevent a 1-cent rise in the cost to the public.

"During October the subsidy was 20 cents a hundredweight, but the farm price of milk will be higher this month."

The increase in the price of fluid milk was referred to in these columns of Nov. 5, page 1638.

Post War Reconstruction Will Require New Era Of American Business Leadership

Victory for the United Nations will create a new era of American leadership and participation in world affairs, Robert D. Calkins says in his annual report as Dean of the School of Business of Columbia University. "The reconstruction of the world will require American capital, American materials, and American methods on an unprecedented scale," Dean Calkins declares. He adds: "The expansion of international investment and trade, of ocean and air transport, and of travel will demand a new internationalism and cosmopolitanism among our business leaders and statesmen. As never before, Americans with business or public responsibilities will be obliged to consider international questions.

"A new type of international business man will be needed. His world will demand broad knowledge of other countries; profound understanding of other people, their history, institutions, and culture; and international point of view; a public spirit; and capable statesmanship for dealing with the intricate political and economic issues of a world economy politically organized.

"Unless trends of the past half century are unexpectedly reversed one must anticipate the growth of political control over economic activities, an expansion of government enterprise, increased public regulation of private enterprise, a greater influence of public policy on the daily operations of both regulated and unregulated business, greater emphasis on general welfare, more restrictions on management in behalf of employes and other groups, and the multiplication of devices for coordinating all business and economic operations.

"Many of these trends have gone far enough to preclude a return to the simpler life of earlier decades. The economy for which we must educate our students will demand higher talents and broader knowledge than those necessary for successful business careers in the past."

Schools of business must retreat from their paramount interest in education for business as we have known it, and emphasize their more fundamental objective which is to educate men and women to operate the economic system of tomorrow through whatever business or other operating units it is to function, Dean Calkins points out. He also notes that "business administration is no longer simply a matter of profit seeking." He likewise states: "Other considerations dictate the need for broadening our concept of business administration and of enlarging our province to include administration for the expanding number of non-business institutions engaged in economic affairs.

"The management of public and private enterprise in the years to come will require far more than good judgment and imagination in organizing men, equipment, and materials. It will require special knowledge, skilled powers of analysis, and a clear understanding of public regulations, of public policy, of economic conditions, and of politico-economic influences.

"It will require comprehension and statesmanship to direct enterprise affairs with due regard for the public interest, national welfare and private interests, including those of owners, creditors, employes, and customers. These difficult responsibilities in private and public enterprise must go to those with sufficient integrity, breadth of knowledge, ability, and statesmanship to be entrusted with authority in an environment of powerful economic and political influences."

Designates All France "Enemy Territory"

Secretary of the Treasury Morgenthau announced on Nov. 9 that all of France within continental Europe was declared to be "enemy territory" under the restrictions against trade and communication with the enemy. The Treasury Department added:

"Under previous regulations 'occupied' France was 'enemy territory' but 'unoccupied' France was not so designated. This action accords 'unoccupied' France within Europe the same status as 'occupied' France and the restrictions under the Trading with the Enemy Act now apply equally to both.

"The Secretary's action was taken by the amendment of the definition of 'enemy territory' appearing in General Ruling No. 11 issued under the freezing regulations and the Trading with the Enemy Act."

Cuts Govt. Publicity For Duration Of War

The Office of War Information on Nov. 8 further curtailed for the war's duration "non-essential information activity" by Government agencies. The new regulation, issued to all Federal departments and agencies and effective immediately, supplements a previous order which curtailed or eliminated 523 Government publications (referred to in these columns Oct. 8, page 1276.)

According to Washington advices Nov. 8 to the New York "Herald Tribune" the new regulation was based on recommendations of the recently created Inter-Agency Publications Committee, composed of Government information men. It is effective at once. Officials expressed belief that better information service would be provided to the press and the public under war-time conditions as a result of the regulation. From the same advices we quote:

"Major provisions of the regulation include:

"Discontinuance of the practice of mailing press releases from Washington to newspapers throughout the country, with field offices of Federal departments and agencies permitted to release information adapted to regional or local interests.

"Culling of mailing lists by the query method within 30 days for free or partially free Government periodicals, report series or publications still permitted to be issued and distributed at regular or irregular intervals.

"Confining of full texts of speeches sent to the press to those made by heads of departments and independent agencies, or by their chief subordinates, on major policy issues; and then only to Washington correspondents and wire services.

"Discontinuance of distribution to the press of full texts of statistical or technical reports, periodicals or publications, although they will be available on specific request.

"An end to the mailing of news material from Washington to weeklies by any Government department or agency, although they may include material in the regular services to weekly newspapers now maintained by the OWI.

"Libraries designated by law as depositories of official publications or bona-fide libraries to whom the service has been available in the past, the announcement said, are to continue receiving printed and processed Government publications on request."

NLRB Ruling Upset In Texas Guild Case

The U. S. Supreme Court on Nov. 9 refused to review a National Labor Relations Board appeal seeking to condemn the San Antonio "Express" for alleged failure to bargain collectively with the American Newspaper Guild.

Regarding the case, the Washington advices Nov. 9 to the New York "Times" said:

The Board held the newspaper in contempt because it would not obey an order to enter into bargaining with the San Antonio Guild, subsidiary of the parent organization, but the Fifth Circuit Court ruled the proposed contract unreasonable.

Overruling the Board, the Court said the Wagner Law did not necessitate compliance with a closed shop, require two weeks' notice before discharging an incompetent worker, or demand Guild consultation before making a replacement.

'Thanks To Russia Month' In N. Y. City

Plans for a city-wide observance of the month between Thanksgiving Day and Christmas as a "Thanks to Russia Month," and organization of a special committee to plan and direct several hundred events of tribute to the Russian people during the month, were announced at a luncheon on Nov. 4 by Grover Whalen, Chairman of the Committee. The month's activities will be conducted under the auspices and for the benefit of Russian War Relief, Inc., Mr. Whalen said. Other members of the Committee, organized by Whalen, are Allen Wardwell, Chairman of the Greater New York Campaign of Russian War Relief; Sidney Hillman, President of the Amalgamated Clothing Workers of America, and Margaret Webster, Shakespearian director and producer, co-Chairman; Henry C. Alexander, Lewis H. Brown, Gilbert Miller, Michael M. Nisselson, Stanley Resor, J. Robert Rubin, Alfred E. Smith, Daniel P. Woolley, Thomas W. Lamont, Mrs. Peter Lehman, Edmond Guggenheim, and Herbert Brownell, Jr.

Organization of the Committee was completed at the luncheon at which Whalen made his announcement, in the Rockefeller Center Luncheon Club.

Mr. Whalen said that he and his Committee intend to make of Thanks to Russia Month "an expression of the intense admiration and gratitude of all Americans for the fight the Russian people have made and are making at Moscow, Leningrad, Sevastopol, Stalingrad, and on every inch of their 1,800 miles of battle front." The month's events will include pageantry, large public meetings and scores of small assemblages in every borough, entertainment programs, etc.

Sees 9,700,000 Under Arms

President Roosevelt said on Nov. 10 that the strength of the American armed forces will total about 9,700,000 men by the end of 1943. The President told his press conference that he hopes that figure will be enough but warned that he could not make plans beyond the end of next year.

Mr. Roosevelt explained that the Army now has about 4,500,000 men, which must be increased to about 7,500,000 by Jan. 1, 1944. He further related that the Navy must grow from its present total of 1,000,000 men to about 1,500,000 and that the Marine Corps, Coast Guard and other protective services must be increased from around 400,000 to 700,000.

Treasury Borrowing To Be Resumed On Large Scale To Meet Rising War Costs

Secretary of the Treasury Morgenthau announced on Nov. 12 that borrowing by the Treasury to meet the rising costs of the war will be resumed on an unprecedented scale on Nov. 30. The Secretary stated that "Victory Fund Committees, which have been active in promoting the sale of Treasury securities other than War Savings Bonds, will be asked to conduct a widened campaign for the enlistment of idle funds in the war effort. The Committees already have done excellent work in behalf of Treasury financing and they will be given full authority to conduct a drive for further funds."

Mr. Morgenthau's statement further said:

"In addition to conducting a campaign for 'tap' bonds, the Victory Fund Committees will be asked to promote purchases by corporate and other taxpayers of Series A and C Tax Savings Notes. Such Notes ease the tax-paying problems of the purchasers and at the same time add to the current cash balances of the Treasury.

"Since sales of 'tap' issues, War Savings Bonds and Tax Savings Notes will not provide all of the necessary funds, it is the intention of the Treasury likewise to offer one or more series of open market securities for subscription by banks and others.

"Treasury issues already available, and those to be announced for limited periods within the next few weeks, will be suitable for every class and type of investor, from the largest commercial banks, corporations and insurance companies to the smallest individual investor or wage earner.

"The War Savings Staff will remain continually active in sales of War Savings Bonds. In particular, the War Savings Staff will intensify its payroll savings drive in November and December, with the aim of raising the present figure of 23,000,000 workers now investing an average of 8% of their pay to a figure of at least 30,000,000 workers setting aside an average of at least 10% of their earnings every pay day.

"War borrowing must be done to the greatest possible extent out of current income and savings of the people. This is the soundest means of financing the war deficit."

FDR Cites Plans For Improving West Indies

Proposed plans to bring about improved economic and social conditions in the smaller West Indies Islands were outlined by President Roosevelt at his press conference on Oct. 27. The President said that the Anglo-American Caribbean Commission has drafted proposals to accomplish that purpose by:

1. Extension of franchise.
2. Compulsory education.
3. An effort to make the small islands more self-sustaining.

In reporting this, United Press Washington advices of Oct. 27 said:

The plans, he said, exclude the larger islands of Puerto Rico, Haiti and Cuba.

Discussing his conference today with Charles Taussig, United States Chairman of the Commission, and Sir George Gater, British Colonial Undersecretary, he said that something ought to be done toward a better economic and social future for the small West Indian Islands which have been a distinct liability to their sovereign nations.

Except for the three big Islands in the Caribbean area, Mr. Roosevelt said, the others are small and exceedingly poor. He believes it would be a good investment for the mother nations to improve the Islands socially and economically.

In response to a question, Mr. Roosevelt expressed the hope that the French islands in the Caribbean would be included in the general picture.

NAM Opposes 'Teen-Age Draft Restriction

The National Association of Manufacturers on Nov. 8 issued the following statement of its position with respect to the pending 'teen-age draft legislation:

"The National Association of Manufacturers is obligated to point out possible results affecting the public interest in maximum war production which are involved in the proposed amendment to the Selective Service Act which would restrict the service of 18-19 year old selectees to continental United States for one year after induction.

"An amendment which would freeze the 18-19 year old class into non-combatant military status for one year would hamper both the Army and production. It would immobilize for production purposes two potential workers for every new worker needed. It would give the Army a force it was prevented from using; it would force the draft of presently-employed help which industry must have, and at the same time it would remove a large group from the field of potential war production.

"The Army has asserted that these young men between 18 and 20 are needed desperately.

"If the Army cannot have the 'teen-age youths, it will be forced to call up older men and many of these older men must come from the ranks of manufacturing labor where they are performing highly essential work. This would curtail war production and render more acute an already serious man-power shortage."

The clause restricting training of youths to a year was inserted in the Senate bill passed on Oct. 24 and was referred to in these columns on Oct. 29, page 1547.

Investment in Tax Notes Retards Paym't of Paper

Commercial paper dealers said today they had noticed a tendency on the part of issuers to retard payment of their paper so as to employ the money in tax saving notes, said the New York "Sun" on Oct. 29, which went on to say:

"By doing so they are able to count 50% of such borrowings as a portion of their invested capital tax base and to save somewhat on taxes. They earn slightly more than 1% on the tax notes if held for three years.

"The commercial paper costs them 1¼%, on the basis of the market yield and commission, so that in many instances the borrowing costs little for it is offset by the yield on the tax notes. Dealers report that considerable impetus has been given to the use of the tax notes by the approval given by public accountant organizations to the new practice of showing tax liabilities on a net basis, that is after deduction of tax anticipation notes held.

"Volume of commercial paper now is seasonally downward in trend, and the volume is considerably influenced by the repayment of finance company paper because of restrictions upon the supply of consumers goods and upon the credit used to pay for them. The end of the calendar year usually finds mercantile paper around its seasonal bottom."

Paul Of Treasury Advocates Income Tax Collection-At-Source And Spendings Tax

(Continued From First Page)

to the extent that his taxes are collected at source, the taxpayer is on a truly current basis. And, finaly, collection-at-source makes the income tax a much more flexible and responsive fiscal instrument because it permits Congress to put new rates and exemptions into effect at any time.

"Providing a means of current installment payment through collection-at-source will greatly facilitate further use of the income. But as we broaden and deepen the income tax, a point wil eventually be reached where the tax will work hardship on certain classes of taxpayers. Many taxpayers have obligated themselves to devote large parts of their income to repayment of debts, payments on life insurance and mortgages, and maintenance of other savings programs. To recognize these obligations, and at the same time to serve the changed functions of taxation for war, it will be necessary to alter our methods of taxation. Although we can, and indeed **must**, continue to increase our reliance on the income tax, the time is not far distant when we shall have to supplement it with other tax measures. It is in the **progressive and equitable** spendings tax, and not in the **regressive and inequitable** sales tax, that we can find the solution to our war tax problems."

Saying that the sales tax "is an unfair, inadequate, and complicated tax," Mr. Paul said that "to meet the current fiscal problem squarely and simply, the Treasury has recommended the spendings tax." He went on to say:

"This tax employs the basic instruments—progressive rates and exemptions varied according to family status—which have made the income tax our best tax. By applying these instruments to a base determined by consumer spendings, it goes beyond the income tax in meeting the objectives of wartime taxation.

"The driving force behind inflation is not so much that people's incomes are too large, as that they save too little. The problem is intensified when people supplement their income by borrowing or drawing on past savings. In a word, inflation arises because people spend too much.

"The income tax, as we have used it thus far, removes inflationary pressure chiefly by reducing the amount of income that can be used to purchase goods and services. It does not necessarily discourage individuals from borrowing or drawing on their capital to maintain their standard of consumption at pre-war levels. Nor does it provide any special inducement for individuals to save rather than spend the income left after taxes. What we clearly need as a reinforcement of the individual income tax, which emphasizes income received for participation in the war effort, is a progressive tax on money spent for consumers' goods and services.

"The spendings tax is such a tax. It is based on the amount of money the individual spends. The spendings tax exempts persons whose standard of living is just sufficient to maintain working efficiency. It levies a moderate tax on persons who spend enough to live in moderate comfort. But it strikes heavily at those who maintain a high level of personal expenditure, and who thereby make unjustifiable demands on the reduced national supply of consumers' goods and services. In other words, the tax would be steeply progressive on all spendings above an exempt limit.

"The spendings tax, unlike a sales tax, is selective in its impact. By granting exemptions and imposing progressive rates, it recognizes differences both in ability to pay and in capacity to spend. It forces substantial reductions in consumption by persons whose living standards can stand drastic reduction without at the same time putting a crushing burden on the persons whose living standards are low. Moreover, by putting a penalty on additional spending, it induces consumers to spend less and save more of the money at their disposal.

"The tax serves the purpose of maintaining production by impounding the spendable income without at the same time reducing the incentive to maximum production effort. The taxpayer is given considerable latitude. He can spend if he is willing to pay the price in higher taxes, but he is strongly induced to postpone his spending until such time as goods once more become plentiful. The decision he makes will determine the size of the tax he has to pay. To a considerable extent, he is his own tax assessor.

"You may wonder how a new tax like the spendings tax would be administered. I can confidently say that it will cause relatively little additional trouble to the taxpayer and will require little more administrative machinery. The taxpayer would fill out a combined income and spendings tax return and would pay the two taxes together. His only additional job would be to fill out a few additional lines on the tax form. He would not have to keep track of the amounts he spent for different items on consumers' goods. The tax is based on total spendings, which would be arrived at indirectly by deducting from the total amount of available funds, the amounts devoted to purposes other than personal consumption."

The spendings tax was previously discussed by Mr. Paul in an address in New York on Oct. 7, which dealt with "Prices, Taxes and Inflation," and which was referred to at length in our issue of Oct. 15, page 1355. In Cincinnati on Oct. 21, Mr. Paul was a speaker before the National Tax Conferences, at which time he described the tax system as a prime factor in the equitable distribution of the real cost of the war. "I use the phrase 'the **real** cost of the war,'" he said, "in contradistinction to 'the **money** cost of the war.' The latter," he noted, "is of staggering proportions, to be sure, but it is less fundamental." Mr. Paul added:

"The real cost of the war—the cost we must bear here and now and cannot avoid—is the endless and exhausting war effort we must continue exerting day in, day out, at the same time that the available supply of food, clothing, shelter, as well as of the amenities of life, is declining. There is no escape; we shall be forced to work more and consume less as the war progresses. The quantities we, as a nation, are permitted to consume will be determined not by the taxes we pay, but by the relentless pressure of the war. In some respects we shall be forced to undergo actual hardship. These are real costs of the war. However, if we distribute them equitably, the war need not encroach on the essentials of subsistence.

"It is the function of the tax system to distribute these real costs of the war fairly and equitably. The income tax does so. By the use of personal exemptions, which increase with the size of the family, it assures that no tax burden will be laid on those whose incomes are not above subsistence levels. It measures and distributes the burden according to personal income, imposing the greatest sacrifice on those best able to pay. It forces those with relatively high standards of living to reduce their consumption of commodities and services not essential to subsistence, physical well-being, and civilian morale."

Savings & Loan Funds For Home Purchase Up

An increase of 5.96% in home purchase loans in August over July brought the summer's lending of savings, building and loan associations to help families buy homes to within sight of the previous summer's record disbursement for this purpose, according to the United States Savings and Loan League, Chicago. The League's report, made available on Oct. 31, shows that $55,301,000 was lent in August to supplement families' own funds in the accomplishment of their home ownership ambitions. It compares with $55,973,000 lent in August, 1941. Fermor S. Cannon, President of the League, says that these institutions' dollar volume of repair and modernization loans was greater in August than in any month so far in 1942, $4,126,000, or a gain of 12.6% over the previous month's total. Loans for all purposes combined, it is indicated, fell off some $3,000,000 to $92,563,000, an inevitable result of the wartime slowing down of construction loans. In August the associations disbursed $12,563,000 for the construction of permanent housing in war industry areas, but it was the smallest amount of lending to build new houses in any month since February, 1938, Mr. Cannon said. He added:

"For the three summer months demand for money to finance home buying was at such a high level that the total disbursement by the thrift and home financing institutions for this purpose was $159,603,000, which was within 5% of the home purchase loan volume in the same period of 1941. As compared with the summer of two years ago, this first wartime summer of home buying called for loans $40,000,000 greater in volume. Most of the purchase loans are made with down payments of at least 25% and a substantial number of these are with a one-third down payment. We can expect such purchases to continue in substantial volume since any restricting effect of the new OPA regulation about evictions by purchasers after Oct. 20, have a negligible effect on these bona fide sales evidenced by the large down payments."

Quota Coffee Imports

The Bureau of Customs announced on Nov. 9 the following final figures for the imports of coffee entered for consumption during the period Oct. 1, 1941 to Sept. 30, 1942, inclusive:

(In Pounds)

Country of Production	Revised Quotas	Imports for Consumption
Signatory Countries:		
Brazil	1,821,836,025	945,535,810
Colombia	617,483,151	513,136,215
Costa Rica	39,185,707	32,188,915
Cuba	15,726,029	6,662,206
Dominican Republic	23,523,302	23,449,991
Ecuador	29,415,140	19,626,160
El Salvador	123,781,103	89,519,712
Guatemala	104,900,424	92,857,132
Haiti	53,868,211	40,769,477
Honduras	4,191,694	4,193,222
Mexico	96,438,728	44,033,643
Nicaragua	40,893,390	32,191,469
Peru	4,897,122	3,324,924
Venezuela	57,080,665	56,938,061
Non-Signatory Countries:	69,541,462	69,511,921

Payment On Sao Paulo 8s

City Bank Farmers Trust Co., New York, has received funds to apply to payment of the Nov. 1, 1940 coupons of City of Sao Paulo, United States of Brazil, external 30-year 8% secured sinking fund gold bonds of 1922, due March 1, 1952, at the rate of 13.975% of the dollar face amount of the coupons. Accordingly, payment is now being made at the offices of the bank, 22 William Street, New York, at the rate of $5.59 per $40 coupon and $2.795 per $20 coupon.

Foresees Great Opportunities For Private Enterprise In Post War Era

America probably will emerge from this war with her productive capacity stepped up to the highest levels in history, making it easily possible for private enterprise and Government enterprise to co-operate in providing adequate minimum living standards for everybody in the country, according to one of the major conclusions reached by Stuart Chase in a special report to The Twentieth Century Fund, "Goals for America: A Budget of Our Needs and Resources," which the Fund issued on Nov. 9.

Mr. Chase warns that "the task of reconversion to peacetime production will be a huge one." He points out that many factories producing purely military goods, such as powder plants, may not be needed; that in some lines we may have more factories than we shall know what to do with; and that changing back to peacetime production involves technical problems of the greatest intricacy. Summing up these aspects he says, "The net effect of the war on American productive capacity, however, cannot fail to be staggering." On the question of the proper use of this greatly enlarged productive capacity, Mr. Chase says, "We in the democracies have got to find a permanent way to full employment, and a way to give our citizens a sense of function, of belonging to the community. In this total war we are achieving both. After the war the process must go on."

Specifically, Mr. Chase says we must provide minimum standards for all our citizens in what he calls the "Big Five"—food, clothing, housing, education and health care. These he regards as "Goals for America," and after making detailed estimates of our national needs and our productive resources he says, "Our survey, rough as it is, indicates that all elements are available in America to meet the standards we have suggested — and considerably more." To indicate how well we are equipped to provide these minimums, Mr. Chase summarizes actual production figures for 1940. He makes the following estimates of how much additional manpower (in terms of 1940 when we had eight to nine millions unemployed or on government work-relief projects) we would have needed to produce the minimums that year:

"No additional manpower would be needed for food. The crop pattern would have to be shifted somewhat.

"To provide adequate shelter, perhaps 2,000,000 workers would be needed for a decade or more, building 1,500,000 units a year. In 1940, 600,000 dwelling units were actually constructed. So the increase in the labor force would have been something over 1,000,000.

"To provide adequate clothing, 250,000 more workers would be needed on a 'bare essentials' basis, perhaps 1,000,000 on a 'comfort' basis.

"To keep the whole nation healthy would provide jobs for some 300,000 more dentists, doctors, nurses, and perhaps as many more for lay personnel in hospitals and clinics. Say 600,000 at the outside.

"To provide education for all children through high school, and to enlarge the scope of adult education, might call for 500,000 more teachers and other workers in the field of education."

With full employment, full production and minimum living standards fixed as central goals, Mr. Chase surveys the probable future roles of government and private enterprise. "One of the best things the war could do for us," he says, "would be to break down permanently the habit of judging public or private enterprise as either all white or all black, depending on one's point of view."

Mr. Chase foresees great opportunities for private enterprise, but warns businessmen they must expect a greatly changed post-war world. "Every businessman in the country should start thinking about it now. He should be asking himself how he can cooperate with other businessmen to maintain a high rate of production—with less overtime to be sure—on a high-volume, low-price basis, when the war ends. . . . He should be thinking about taking his share of responsibility for full employment.

"The trouble with pre-war business was its lack of responsibility for making the economic system work. . . . The war is showing us what the economic system can do in the way of production when everybody takes responsibility—businessmen, workingmen, government men, professional men, housewives, boy scouts, everybody. The future of American business probably turns on holding such an attitude. How far this may conflict with earlier theories, and with concepts of free enterprise, is a question which businessmen must squarely face."

The writer estimates that in the two years from the start of the defense program in July, 1940, to July, 1942, the combined total of government appropriations of over $12,000,000,000 and private business appropriations of nearly $3,000,000,000 indicate spendings of $15,000,000,000 for the sole purpose of enlarging existing plants and building new ones. Mr. Chase points out that this sum, which applies only to factories and equipment and not to the goods they turn out, is 15 times the plant investment of the whole automobile industry in 1938 and is nearly three-quarters of the amount spent on manufacturing plant expansion during the entire decade of the booming 'Twenties.

Reviewing figures on the production of electric power, Mr. Chase says, "We may end the war with an energy capacity half again as great as when we entered it." He lists industries, notably aviation, light metals, plastics, plywood and synthetic rubber that are being expanded at rates undreamed of a few years ago; and in the basic asset of machine tools he says, "Before this war is over we are going to have two or three times as many machines to make machines as we had when it began."

Central States Bank Conference In Chicago

The annual banking meeting of the Central States Conference will be held at the Palmer House, Chicago, on Dec. 7 and 8, it is announced by Harry C. Hausman, President of the Conference. The meeting was originally scheduled for next March but it is stated that due to the persistent urge from the secretaries of the State Associations included in the Conference, it was decided to advance the date. It is anticipated that the program will provide for a full discussion of all the present and anticipated future problems of banking.

The officers of the Conference, in addition to the President, are: Robert E. Wait, Little Rock, Ark., First Vice-President; William B. Hughes, Omaha, Neb., Second Vice-President, and Frank Warner, Des Moines, Iowa, Secretary-Treasurer. The State Associations included in the Conference are: Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Texas and Wisconsin.

Labor Shortage Acute In September Despite Record Employment Of 59,200,000

Labor stringency became acute in September despite the expansion of total civilian and military employment to an all-time peak of 59,200,000, according to the National Industrial Conference Board. The Board states that although 1,000,000 new workers were employed on farms, in industry, and in military service, current and anticipated labor shortages were reported in an increasing number of areas and in a growing number of key industries. The Board further observes:

"Almost 4,000,000 more persons are already at work or in the armed forces than would appear in the labor market under peacetime conditions. The new peak is 10,000,000 above the number at work two years ago and fully 4,500,000 greater than September, 1941.

"Manufacturing industries added about 250,000 to their payrolls during the month, while more than 600,000 were taken on by the service industries, including the fighting services. Seasonal expansion in agriculture and retail trade, together with the opening of educational institutions added to the drain upon the nation's labor reserves.

"Labor shortages kept the number at work on the nation's farms in September lower than the comparable total for 1929 or any other year since. Women and older men in the farm family labor reserves are helping to save fall crops and livestock production of record-breaking proportions. A year ago farmers took on fully 250,000 hired workers to meet their harvest loads. Between Sept. 1 and Oct. 1 of this year only 69,000 hired workers were recruited. Withdrawals to urban employment, enrollments in the armed forces, and the reopening of schools have brought the farm labor supply to the lowest level recorded since World War I."

With regard to the effect of women workers on the labor supply, the Board says:

"Roughly, one of every two new additions to non-agricultural civilian payrolls since September, 1940, has been drawn from the female labor supply. In addition Census estimates reveal that women currently account for one of every six farm workers as against the previous peacetime ratio of one in eight at fall harvesting. About 1,200,000 women have been added to industrial employment since the start of this year, according to these estimates."

According to the Board curtailment of private building cut the number engaged in construction by almost 100,000. It likewise says, "employment in mining fell off for the second successive month and remained almost 35,000 below the comparable 1941 level. Slightly lower totals were also reported in public utilities. Emergency employment by WPA, CCC, and NYA was further decreased by 70,000 during the month, and totaled approximately 500,000, compared with 1,500,000 and 2,200,000 respectively one and two years ago. From the Board's announcement we also quote:

"The seasonal gain of 53,000 in the distributive trades, the first since the start of the year, was heavily concentrated in the apparel field. The marked downward trend in the distribution of durable goods continued and was accompanied by a contra-seasonal decrease in employment in wholesale trade. Distribution and mining were the only major industrial groups in which the number at work was significantly lower than in the same month of the preceding year.

"Non-military employment by the Federal Government was again increased by almost 100,000 during September, predominantly in areas outside the District of Columbia. The total number of civilians in regular federal services was 2,600,000, or fully 1,000,000 more than in September, 1941. Local and state government personnel was also further expanded with the reopening of schools and colleges."

In conclusion, the Board states: "Universal service legislation, extension of the work-week under modified overtime provisions, compulsory registration of women and special deferment policies for essential workers are among the remedies currently proposed to ease this manpower strain."

New Members Of NY Chamber Of Commerce

Fourteen leading corporations were elected to corporate membership in the Chamber of Commerce of the State of New York at the monthly meeting held on Nov. 5. Admission of corporations to membership in the nation's oldest Chamber was made possible largely through the efforts of Percy H. Johnston, former President, who is Chairman of the Chemical Bank & Trust Co. The corporations elected, with the name of their official representative in the Chamber, follow:

United States Steel Corp., Enders M. Voorhees, Chairman, Finance Committee.

American Car and Foundry Co., Charles J. Hardy, President.

American Radiator & Standard Sanitary Corp., Henry M. Reed, Chairman and President.

Freeport Sulphur Co., Langbourne M. Williams, Jr., President.

United States Trust Co., Williamson Pell, President.

The Commercial Factors Corp., Johnfritz Achelis, President.

The Doehler Die Casting Co., Herman H. Doehler, Chairman.

The American Tobacco Co., H. L. Hilyard, Assistant Treasurer.

Johns-Manville Corp., Robert W. Lea, Vice-President.

The National Surety Corp., Vincent Cullen, President.

The Equitable Life Assurance Society of the U. S. A., Joseph P. Chamberlain, Director.

William Iselin & Co., Jarvis Cromwell, President.

Meinhard, Greeff & Co., Fred Meissner, President.

At the same meeting the following individuals were admitted to membership in the Chamber: Charles R. Hook, President, American Rolling Mill Co.; Walter F. Brady, Executive Vice-President, Merchants Fire Assurance Co.; Jacob Schapiro, Chairman, Trust Company of North America; Stewart E. Hopps, President, Atlantic Brokerage Corp.; W. Niklaus, Manager, Credit Suisse; Leon Steinberg, President, Concord Oil Co.; George H. Duxbury, Assistant Manager, North British & Mercantile Insurance Co., Ltd.; Louis Boehm, Attorney; Charles T. Bingham, import and export; Martin T. Hession, Manager, Mary Louise Fashions; Robert F. Wright, insurance.

CCC Stocks Larger

The Commodity Credit Corporation had a slightly larger total of loans outstanding this Sept. 30 than on the same date last year, and a larger total of commodities owned, the U. S. Department of Agriculture said on Oct. 31. Total of loan and owned stocks was $1,776,193,577, compared with $1,261,701,216 a year earlier. Principal reason for the increase this year over last is an item of more than $580,000,000 of commodities owned, chiefly for lend-lease export. The advices from the Department of Agriculture added:

"Loans outstanding as of Sept. 30, 1942 totaled $474,765,719. This compares with $438,294,847 on the same date last year. A smaller volume of loans was outstanding this September on all commodities except cotton, flaxseed, grain sorghums, and wheat. New items in the list for 1942 are foreign commodities, agricultural supplies and soybeans. Loans during fiscal 1942 were larger than in 1941, principally on account of a rise in loan rates.

"Commodities owned by the Corporation as of Sept. 30, 1942 had a book value of $1,301,427,858. This compares with $823,406,369 on the same date last year. Smaller totals are shown for corn and cotton; larger totals for wheat and tobacco. Overall increase is principally on account of commodities for lend-lease."

Adjusts NYC Milk Prices

The Office of Price Administration on Nov. 4 ordered all New York City "out of store" retail milk dealers selling at more than 13 cents a quart to reduce their prices to that figure, effective immediately. The order does not affect home deliveries, which continue at March ceiling prices.

Reporting this action, United Press Washington advices said:

"The order requires that retail stores whose maximums are 12 cents or higher but lower than 13 cents must retain their prevailing ceilings. Under a previous order, retailers were permitted to bring prices up to a minimum ceiling of 12 cents a quart.

"The new prices apply to milk sold in glass containers. Retailers may add 1 cent a quart for milk sold in paper containers in order to cover the cost of the containers, which are destroyed after use.

"Wholesalers, under today's order, may raise their prices to 10½ cents a quart if their March ceilings were below that level. Wholesalers whose March ceilings were above 11 cents a quart must reduce their prices to that figure. They must retain present prices if they fall between 10½ and 11 cents.

"Wholesalers selling to subdealers—middlemen who do not operate pasteurizing plants—are not permitted price increases. The order applies only to standard grades of milk. Others, such as homogenized and vitamin D, must remain at March ceilings."

Eugene Stetson Accepts Post With Red Cross

The appointment of Eugene W. Stetson, President of the Guaranty Trust Co. of New York, as Vice Chairman of the 1943 Red Cross War Fund of Greater New York and Chairman of the Commerce and Industry Division of the campaign which opens on March 1, is announced by C. M. Chester, the General Chairman. "The Red Cross War Fund is particularly fortunate in being able to enlist Mr. Stetson, who is an outstanding organizer and leader," Mr. Chester said. "He commands the respect of finance, industry and business. He has been active in public-spirited movements. And, as father of three sons in the American armed forces, he has a warm personal interest in assuring Red Cross services to our fighting men. Without delay, he has begun recruiting his division for this vital effort."

Mr. Stetson is a member of the Advisory Board of the War Department's New York Ordnance District. He also is Chairman of the Clearing House Committee of the New York Clearing House Association.

N. Y. Chamber Of Commerce Urges Passage Of Bill Releasing Silver For War Use

The Chamber of Commerce of the State of New York at its business meeting on Nov. 5 urged the prompt passage by Congress of the Green Bill to liberate the Government's huge hoard of idle silver for war use. A report, drawn by the Chamber's Executive Committee, declared that the silver policy of the Government was responsible for the existing "famine" in that metal which is hampering war production and threatens needlessly to destroy the livelihood of thousands of skilled silver craftsmen.

The bill, introduced by Senator Theodore F. Green of Rhode Island, provides that the President, through the Secretary of the Treasury, may sell "for use in connection with the war effort" any of the Treasury's silver hoard of upwards of 3,000,000,000 ounces, provided that control is retained of a sufficient quantity for monetary backing of outstanding silver certificates. The measure, which would make possible the sale of some silver for industries not now engaged in munitions work, has been approved by a Senate Banking sub-committee and endorsed by both the Treasury and War Production Board. The bill is now before the full Senate Banking Committee where it is expected to meet opposition.

At the Chamber's business session, held to consider the report, Albert C. Lord, an investment banker, opposed the bill on the ground that it did not go far enough and demand the repeal of the whole silver purchasing policy of the Government.

John B. Glenn, President of the Pan American Trust Co., defended the report, saying that passage of the Green Bill was the most which could be hoped for at this time in view of the strength of the silver bloc in Congress.

The report, which was adopted by the Chamber with a few dissenting votes, said, in part:

"The Green Bill would not break the shackles of the ill-conceived and obnoxious legislation with which the silver bloc has bound the Treasury's enormous accumulation of silver. There are other measures before Congress designed to repeal both the foreign and domestic Silver Purchase Acts, as the Chamber repeatedly has urged, but they admittedly have no chance of passage at this time.

"Senator Green's bill is a war measure and a very necessary one. As such, it should be passed promptly. The possibility that some benefits might flow from it to industries not presently directly connected with the war effort, does not lessen the vital need for such legislation in order that silver may play its all-important part in the manufacture of airplanes, ships, tanks, guns, torpedoes and other munitions.

"The silver bloc, however, is opposed to any legislation which directly or indirectly might lessen the 'monetary sacredness' of silver or might endanger the subsidy which the Government now gives to domestic silver producers by paying 71.11 cents an ounce for the output of American mines which until a few months ago was twice the open-market price of silver."

Pointing out that with the Treasury's huge stock of monetary gold, which amounted to $22,738,716,226 at the close of business on Oct. 28, there was "no sound economic reason why an ounce of silver should be held as monetary backing" for outstanding silver certificates, the report concluded:

"And by the same logic, machinery and man power now devoted exclusively to the mining of silver could be utilized more advantageously in the mining of other metals which are essential to the war effort."

Introduction of the Green Bill in the Senate was referred to in these columns Sept. 17, page 994.

Sees 50% Increase In Army, Lend-Lease Food

Military and lend-lease buying of food next year is expected to be 50% greater than during 1942, taking one-fifth of current farm production, the Department of Agriculture reported on Nov. 1.

In a forecast of the farm outlook for next year, the Department said that in 1943 farmers probably will produce more livestock but that general crop production may be smaller than the record crops of this year unless weather conditions are exceptionally favorable. Civilian demand will also continue to increase, though more slowly than in 1942.

Prices of agricultural products in 1943 under ceilings should remain close to present levels, or about 6% above the average for the year 1942, the Department said, adding:

"There will be enough food in the total supply, although there may be shortages of many individual commodities. The average civilian probably will be able to consume about as much meat in 1943 as in recent years, but unprecedented demand resulting from record incomes will make rationing necessary. Awaiting rationing, civilian adults have been asked to limit their consumption of meats to two and a half pounds a week.

"Supplies of canned fruits and vegetables for civilians may be smaller next year, increasing demand for fresh products.

"The demand for dairy products in 1943 is expected to exceed the supply. Bread grains will be abundant.

"Altogether, the nutritional value of the civilian food supply is expected to be about the same as in 1935-36. It may contain less fats, carbohydrates and vitamin A than in 1941."

The Department estimated that the net income of farmers for 1943 at $10,000,000,000 to $10,500,000,000 compared with an estimated $9,800,000,000 for the present year, which was about $1,000,000,000 above the previous record in 1919.

The farmers' greatest problem next year, the Department stated, will be to secure adequate labor.

Other expected difficulties are new farm machinery, transportation and marketing.

Payment On Brazil Bonds

Ladenburg, Thalmann & Co., as special agent, on Oct 31 notified holders of State of Rio Grande do Sul (United States of Brazil) 40-year 7% Sinking Fund Gold Bonds, External Loan of 1926, that funds have been deposited with it sufficient to make a payment, in lawful currency of the United States of America, of 15.05% of the face amount of the coupons due November 1, 1940, amounting to $5.26¾ for each $35 coupon and $2.63⅜ for each $17.50 coupon. The advices also state:

"Pursuant to the provisions of the Presidential Decree of the United States of Brazil, such payment, if accepted by the holders of the bonds and coupons, must be accepted in full payment of such coupons and of the claims for interest represented thereby.

"No present provision, the notice states, has been made for the coupons due Nov. 1, 1931 to Nov. 1, 1933 inclusive, but they should be retained for future adjustment."

Agricultural Department General Crop Report As Of November 1

The Crop Reporting Board of the United States Department of Agriculture made public on Nov. 10 its forecasts and estimates of the grain crop of the United States as of Nov. 1, based on reports and data furnished by crop correspondents, field statisticians and co-operating State Boards (or Departments) of Agriculture. We give below the report in part:

Fair but uneven progress was made during October on the tremendous job of harvesting this year's record crops. The task has been complicated by weather conditions, as well as by the growing shortages of manpower, equipment, supplies and storage space. The central Corn Belt had excellent weather for harvesting, but in the extensive Atlantic and Great Plains areas which received more than twice the normal October rainfall, some crop losses were unavoidable.

Current reports show little net change in national crop prospects, confirming earlier indications of record production of food grains, feed grains, hay and forage, fruits and commercial vegetables, oilseeds, sugar and sirup crops, and beans and peas. There will be slightly better-than-average crops of potatoes, cotton and tobacco. In addition, production of livestock, poultry, milk and eggs will set new records. Fall pastures are probably the best they have been in 20 years. Nearly twice the normal September and October rainfall has fallen on the newly seeded winter wheat in the Southwest. The critically dry areas west of the Rockies have also had some good rains in recent weeks.

Although the abnormally early frosts and freezes that occurred during the last week of September could not be fully allowed for a month ago, most current changes in the estimates of crop production are due to the unevenly distributed October rainfall. October was warm and dry in most of the central Corn Belt States, with the result that yields of corn and soybeans are above expectations. The estimate of corn production has been raised 2% to a new high of 3,185,000,000 bushels, and the yield is estimated at 35.6 bushels per acre, nearly four bushels higher than in any past year. Although no State corn yield reached 50 bushels until 1939, after the new hybrid strains were becoming generally grown, this year the States of Ohio, Indiana, and Illinois are expected to have yields of 54-55 bushels per acre and in Iowa the yield is expected to reach 61 bushels. Soybeans were extensively damaged by the September frosts, but many of the damaged beans are being harvested. As a result, the estimate of production has been raised 5% to 210,000,000 bushels which would be nearly twice the output in any past season.

West of the Rockies the dry weather of September and October retarded wheat seedings and hurt pasture and ranges but was favorable for harvesting. Some areas with high seasonal labor requirements have had trouble, but prices have been high enough to permit very unusual labor adjustments. There has been some loss of fruits and other perishable crops because of harvesting difficulties, and it is questionable if all the sugar beet crop can be harvested before the ground freezes. Considering the difficulties involved, crop losses have been relatively small and most crops are now safely stored.

The eastern area affected by excessive rainfall in October extends from North Carolina to central Pennsylvania. This area was marked by some flooding of lowlands, widespread damage to shocked corn and fodder, stacked hay, and unthreshed peanuts, and some loss from the delayed harvesting of fruits, vegetables and cotton.

Another area of abnormally heavy rainfall in October covered the northwestern half of Texas, eastern New Mexico and Colorado, western Oklahoma and Kansas, and much of Wyoming, overlapping in places on the area of heavy rainfall in September. While this extra rainfall has greatly improved prospects for the winter wheat crop just sown for harvest next summer, there was some interference with the harvesting of this year's crops, particularly cotton in the South, sorghums, sugar beets, beans and corn. The estimate of cotton production has been reduced by 4%; peanuts by 4%; rice by 2%; beans, sweet potatoes, and sugar beets, each by 1%.

There was also further delay in threshing, particularly in South Dakota where some shocks of grain were capped with snow in early November.

Although complaints of a shortage of labor on the farms seem to have been nearly universal, actual losses of crops do not appear to have been serious except where the weather interfered with harvesting or the quality was too low to justify salvaging efforts. Strenuous efforts by farm workers and help from local people have met the emergency in most cases. In some areas where conditions were critical, stores and schools have been closed and everybody who could has helped in the fields. Some mechanical corn pickers have been worked double shifts. Combines have often been shipped to areas where they were needed. Where storage space was lacking, grain was temporarily piled on the ground. Some farm workers have been encouraged to leave low income areas, as in eastern Kentucky and the Ozarks, to relieve the shortage of hands in the Corn Belt. Despite heavy sales of milk cows between farms by some dairymen dependent on hired labor who were compelled to reduce their herds and sold to those who could use more cows, so far not many good milk cows have gone to market.

One reason for the high production is the fact that no large areas have suffered from drought or other disaster. This is best shown by the November reports of crop correspondents on yields of "all crops" as a percentage of "normal." This year the averages of these reports from all groups of States and the reports for 33 of the 48 States were higher than in any of the previous four years for which comparable reports have been received, and all States except Nevada were above the four-year average.

When the November estimates of crop production are combined, they give a total that is 27.7% above the average during the 1923-32 or "pre-drought" period. The only other seasons when production was more than 10% above this average were 1937, 12.6% above, and 1941, 11.0% above.

Corn: The record 1942 corn crop now promises to total 3,185,141,000 bushels—115,000,000 bushels larger than the previous record crop of 3,070,604,000 bushels produced in 1920. The 1942 crop is expected to be 19% larger than the 1941 crop and 38% above the 10-year (1930-39) average. These estimates pertain to production for all purposes — grain, silage, forage, hogging, and grazing.

Except in a few eastern States where heavy rains caused some loss of acreage and reduced quality, October weather was very favorable for corn. Dry weather following the general freeze which stopped plant growth in late September reduced the moisture content of corn and was ideal for harvest operations. For the most part, harvest is progressing slower than usual, with farmers allowing plenty of time for corn to dry out while completing harvest of other late crops with the limited labor supply. Early husking returns were verifying the record yields per acre expected in many important corn producing sections of the country. Some soft corn resulted from early killing frosts in most of the northern States, but this amounts to only a small proportion of the total corn crop—although in parts of the Dakotas, Minnesota, Wisconsin, and Michigan a considerable amount of corn is soft.

Yields were higher than a month ago in most Corn Belt States. Husking returns were bearing out predictions of record-breaking yields in Iowa, Illinois, Indiana, Ohio, Michigan, Wisconsin, and South Dakota. Ears are large, well-developed, and generally of high quality.

In Illinois, harvesting was about 60% complete by November, in contrast to last year when only one-third was harvested due to wet weather. One-third of the crop in Nebraska, and about half the crop in southern South Dakota had been picked by Nov. 1, but harvest had just started in Missouri, with much less than one-fourth of the crop husked. Mechanical pickers were very active in Iowa, where cribbing started early in October. In this State, as well as other Corn Belt areas with record yields, there is a shortage of farm facilities. Present heavy feeding operations, however, should gradually relieve this situation.

Buckwheat: Indicated production on Nov. 1 of 6,412,000 bushels of buckwheat is 6% above 1941 but 12% below average.

Reduction of 3.1% from Oct. 1 yield prospects resulted from losses due to frosts before maturity and to delayed cutting because of wet ground, with the probability of shattering and incomplete harvest.

Potatoes: October weather was generally favorable for harvesting the late potato crop. Production, now estimated at 379,624,000 bushels, is about 1% above a month ago. In 1941 the crop was 357,783,000 bushels and the 10-year (1930-39) average is 370,045,000 bushels. The yield of 135.7% bushels is five bushels above 1941, 23 bushels above average, and the highest on record.

October weather conditions were favorable for harvesting the crop. Heavy rains early in October delayed harvest in New York and other Middle Atlantic States. In the central surplus States, yields were turning out slightly better than expected in North Dakota, but less than expected in Wisconsin, where blight damage was extremely heavy in small farm fields. The Idaho crop has been almost entirely harvested without any abandonment of acreage due to frost damage. Potatoes are not large in size, but the quality is reported to be excellent. Potato yields have turned out extremely well in Colorado. Most of the crop has been harvested with no loss from freezing.

Richardson Appointed

The Board of Governors of the Federal Reserve System announced on Oct. 28 the appointment of R. B. Richardson, President of the Western Life Insurance Co., Helena, Mont., as a Director of the Helena Branch of the Federal Reserve Bank of Minneapolis, for the unexpired portion of the term ending Dec. 31, 1942.

The election of Arthur H. Upgren as Vice-President and Economist of the Federal Reserve Bank of Minneapolis was noted in our issue of Nov. 5, page 1637.

Report On Manpower Opposes National Service Act—Calls For Tightening Of Overall Machinery

The report of the War Manpower Commission's Management-Labor Policy Committee, opposing enactment of national war service legislation but recommending a broad program to correct major weaknesses in the present approach to the overall manpower situation, was made public by President Roosevelt on Nov. 10.

The report, which had been submitted to the President by Paul V. McNutt, WMC Chairman on Nov. 2, urgently called upon "government, industry, agriculture, and labor for strong leadership, aggressive action and maximum cooperation."

Warning that "major weaknesses" exist in the present approach to the overall manpower situation, weaknesses that require immediate attention and correction, and which, if not corrected, will seriously impede the war effort, the Committee estimated that the present manpower program will require the services of at least 62,500,000 people, including the armed forces, by the end of 1943, and that the great majority of new workers will of necessity be women.

In summarizing the immediate requirements, the Committee called for the following action:

By government—

1. Centralized authority and responsibility for determination of the over-all manpower program.

2. Centralized authority and responsibility for the administration of the manpower program, which requires:

(a) Transfer of the Selective Service System to the War Manpower Commission.

(b) Cessation of voluntary enlistments.

(c) Provision for special calls by the Army and Navy through the Selective Service System for men with specialized skills.

(d) Coordination by the War Manpower Commission of military and civilian training programs conducted in non-military educational institutions.

(e) Establishment of a strong administrative and operating organization for the War Manpower Commission.

3. Implementation of the war manpower employment stabilization and migration control policy by wide public distribution, and by extension of the War Manpower Commission's authority to regulate hiring, rehiring, solicitation and recruitment in labor shortage areas.

By management and labor—

1. Uniform acceptance of and compliance with the War Manpower Commission's policies and directives.

2. Elimination of wasteful labor turnover in civilian war activities.

3. Acceleration in the rate of transfer from non-essential to essential activities.

4. Acceleration in the rate of mobilizing, training and employing those who are presently unemployed but who are able to render service.

5. Maximum utilization of labor in a manner insuring maximum use of the skills and capacities of workers.

6. Accelerated rate at which men of the military age group, who are engaged in essential activities, can be released for service in the armed forces.

7. Elimination of all barriers, restrictions or obstructions incidental to successful accomplishment of the foregoing six points.

Certain pertinent convictions which were developed by the Committee during the course of its study of the manpower problems were listed in the "interim report" as follows:

1. The Committee recognizes that in this time of national peril and world crisis, each individual person of or in this nation has a supreme moral obligation to render personal service in the war effort in such manner as his or her capabilities will permit. The Committee believes a great majority of the people of the nation fully recognize this obligation and stand ready to serve.

2. The Committee is convinced that sacrifice and unselfish service by all will be required to achieve success in the war effort.

3. The Committee doubts that conversion of the moral obligation to serve in the war effort into a legal obligation to serve will of itself solve the manpower situation. The problems of administering the manpower program . . . . must be solved and enactment of a law will not solve them.

4. The Committee has confidence that the voluntary and cooperative efforts of the people, under strong leadership on the part of government, management and labor, will provide the answer to this all-important war manpower problem. Experiences in the months which lie ahead may reveal that the executive branch of the Government requires supplementary authority from the Congress in order to carry forward the manpower program in an effective manner. The Committee therefore will continue the study requested by the Chairman and, in the light of accumulating experiences, will be prepared to make appropriate recommendations from time to time.

The Management-Labor Policy Committee, composed of an equal number representing each group, was established in May and has held regular weekly meetings since June. The presiding officer of the Committee is Arthur S. Fleming, Civil Service Commissioner.

Oct. Living Costs Up 0.9%

The cost of living for wage earners and lower-salaried clerical workers in the United States continued its upward trend in October with a rise of 0.9%, according to the National Industrial Conference Board. The Board under date of Nov. 5 said:

"Food costs again accounted for the increase, jumping 2.5% during the month. Both clothing and sundries made a slight rise of 0.1%, while housing and fuel and light remained at the level of the previous month.

"The Board's index of the cost of living (1923=100) stood at 99.5 for October as compared with 98.6 in September, 98.1 in August, 97.8 in July, 97.3 in both May and June, 92.0 in October, 1941, and 86.0 in January, 1941.

"The level of living costs was 8.2% higher than that of a year ago. Food showed the greatest advance over October, 1941, with an increase of 16.2%. Other advances during the 12 months were: clothing, 13.0%; sundries, 3.3%; housing, 1.8%; and fuel and light, 0.6%.

"The purchasing value of the 1923 dollar amounted to 100.5 cents in October, 101.4 cents in September, and 108.7 cents a year ago."

Honor Woodrow Wilson

A bronze tablet in tribute to the late President Woodrow Wilson was unveiled on Oct. 24 in Middletown, Conn., on the site of the house occupied by him when he was a member of the faculty of Wesleyan University. Raymond E. Baldwin, Republican candidate for Governor, and Dr. Victor L. Butterfield, President of the University, were present at the ceremony.

President Wilson was Professor of History and Political Economy at Wesleyan in 1888 and 1889.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corpo-rate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Nov 17	117.36	107.62	117.20	114.08	108.88	92.50	97.16	112.00	114.66
16	117.36	107.44	117.20	114.08	108.70	92.50	97.16	112.00	114.66
14	117.36	107.62	117.20	114.27	108.70	92.50	97.16	112.00	114.66
13	117.36	107.62	117.20	114.27	108.70	92.50	97.16	112.19	114.46
12	117.36	107.62	117.20	114.27	108.70	92.50	97.16	112.00	114.46
11				Exchange Closed					
10	117.36	107.62	117.20	114.08	108.70	92.64	97.16	112.00	114.46
9	117.36	107.62	117.20	114.08	108.70	92.64	97.31	112.00	114.27
7	117.36	107.62	117.00	114.27	108.70	92.64	97.31	112.00	114.27
6	117.36	107.62	117.20	114.27	108.70	92.64	97.47	112.00	114.46
5	117.38	107.62	117.00	114.27	108.70	92.64	97.31	112.00	114.27
4	117.38	107.44	117.00	114.08	108.70	92.64	97.31	112.00	114.27
3				Exchange Closed					
2	117.38	107.62	117.20	114.27	108.70	92.64	97.31	112.00	114.27
Oct 30	117.38	107.44	117.00	114.08	108.70	92.50	97.31	112.00	114.27
23	117.38	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.27
16	117.37	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.46
9	117.38	107.44	117.20	114.08	108.70	92.50	97.31	111.81	114.46
2	117.39	107.27	117.00	113.89	108.52	92.35	97.16	111.81	114.27
Sep 25	117.51	107.27	117.00	113.89	108.70	92.06	97.00	111.62	114.08
18	117.62	107.27	117.00	113.70	108.52	92.06	96.85	111.81	114.08
11	117.75	107.09	116.80	113.50	108.34	92.06	96.69	111.81	113.89
4	117.80	107.09	117.00	113.31	108.34	92.06	96.54	111.62	114.08
Aug. 28	117.85	106.92	116.80	113.31	108.16	92.06	96.54	111.62	114.08
21	117.93	106.92	116.80	113.31	108.16	92.06	96.38	111.44	114.08
14	117.92	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
7	117.97	106.92	116.61	113.12	108.16	91.91	96.23	111.44	114.27
July 31	118.11	106.92	116.41	113.50	108.16	91.77	96.07	111.44	114.27
24	118.22	106.74	116.61	113.31	107.98	91.77	95.92	111.62	114.08
17	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
10	118.26	106.74	116.41	113.31	107.80	91.62	95.77	111.25	114.08
3	118.09	106.56	116.22	113.12	107.98	91.34	95.77	111.25	113.89
June 26	118.14	106.39	116.22	112.93	107.80	91.05	95.47	110.88	113.89
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
Jan. 30	117.08	106.92	116.22	113.70	107 80	92.06	97.31	110.52	113.70
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago									
Nov. 17, 1941	119.67	108.16	118.60	115.82	109.60	91.77	97.31	112.37	116.02
2 Years ago									
Nov. 16, 1940	118.49	106.04	118.20	114.08	106.04	89.23	95.32	110.52	113.50

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corpo-rate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Nov. 17	2.05	3.30	2.79	2.95	3.23	4.24	3.93	3.06	2.92
16	2.05	3.31	2.79	2.95	3.24	4.24	3.93	3.06	2.92
14	2.05	3.30	2.79	2.94	3.24	4.24	3.93	3.06	2.92
13	2.05	3.30	2.79	2.94	3.24	4.24	3.93	3.05	2.93
12	2.05	3.30	2.79	2.94	3.24	4.24	3.93	3.06	2.93
11				Exchange Closed					
10	2.05	3.30	2.79	2.95	3.24	4.23	3.93	3.06	2.93
9	2.05	3.30	2.79	2.95	3.24	4.23	3.92	3.06	2.94
7	2.05	3.30	2.80	2.94	3.24	4.23	3.92	3.06	2.94
6	2.05	3.30	2.79	2.94	3.24	4.23	3.91	3.06	2.93
5	2.05	3.30	2.80	2.94	3.24	4.23	3.92	3.06	2.94
4	2.05	3.31	2.80	2.95	3.24	4.23	3.92	3.06	2.94
3				Exchange Closed					
2	2.05	3.30	2.79	2.94	3.24	4.23	3.92	3.06	2.94
Oct 30	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.06	2.94
23	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.94
16	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.93
9	2.05	3.31	2.79	2.95	3.24	4.24	3.92	3.07	2.93
2	2.05	3.32	2.80	2.96	3.25	4.25	3.93	3.07	2.94
Sep 25	2.04	3.32	2.80	2.96	3.24	4.27	3.94	3.08	2.95
18	2.03	3.32	2.80	2.97	3.25	4.27	3.95	3.07	2.95
11	2.03	3.33	2.81	2.98	3.26	4.27	3.96	3.07	2.96
4	2.03	3.33	2.80	2.99	3.26	4.27	3.97	3.08	2.95
Aug 28	2.03	3.34	2.81	2.99	3.27	4.27	3.97	3.08	2.95
21	2.02	3.34	2.81	2.99	3.27	4.27	3.98	3.09	2.95
14	2.02	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
7	2.02	3.34	2.82	3.00	3.27	4.28	3.99	3.09	2.94
July 31	2.01	3.34	2.83	2.98	3.27	4.29	4.00	3.09	2.94
24	2.00	3.35	2.82	2.99	3.28	4.29	4.01	3.08	2.95
17	1.99	3,35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
10	1.98	3.35	2.83	2.99	3.29	4.30	4.02	3.10	2.95
3	1.98	3.36	2.84	3.00	3.28	4.32	4.02	3.10	2.96
June 26	1.96	3.37	2.84	3.01	3.29	4.34	4.04	3.12	2.96
May 29	1.95	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
Apr. 24	1.99	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
Mar 27	1.96	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
Feb 27	2.11	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	2.05	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
High 1941	2.13	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	1.84	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago									
Nov. 17, 1941	1.87	3.27	2.72	2.86	3.19	4.29	3.92	3.04	2.85
2 Years ago									
Nov. 16, 1940	1.96	3.39	2.74	2.95	3.39	4.47	4.05	3.14	2.98

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Sept. 17, 1942, page 995.

WAAC's Pay Raised

President Roosevelt signed on Oct. 26 a bill raising the base pay of the Women's Army Auxiliary Corps from $21 a month to $50 a month. WAAC's who hold ratings or officers' commissions will receive corresponding pay increases. The measure gives WAAC's the same rate of pay as soldiers, sailors and members of the Women's Reserve of the Navy (WAVES) of corresponding ranks.

The Senate passed the measure on Sept. 17 and the House, in amended form, on Oct. 5. A conference report on the bill was adopted by the House on Oct. 16 and by the Senate on Oct. 20.

Minimum Building In Chicago To Save Labor

Since it takes 5,000 man-hours to build new housing facilities for one war worker, the National Housing Agency is determined to get along in the Chicago area with a minimum of new building, the Savings and Loan Council of Illinois was told at its annual banquet at the Bismarck Hotel, Monday night, Nov. 9. The speaker was Allen C. Williams, of the Sixth Regional Office of the NHA, who pointed out that the only new housing in the Chicago metropolitan area will be necessitated by the remoteness of plant locations, which problem has been complicated by the necessary curbs on automobile traffic. To take care of this situation, he said, NHA has a budget of $18,000,000 to build temporary housing. Stating that "the large additional labor demand in the Chicago area will be met by people who are already living here," Mr. Williams added:

"The need for 500,000 new people to work in war industries will be met largely by the employment of women, Negroes whose joblessness is the result of discrimination, and people out of work because of the curbs which the war has put on regular business activity in the area. A shrinkage of about 10% in all business activity not connected with the war is to be expected. There will be no justification for bringing people in from outside areas unless they are highly skilled workers for whose responsibilities other persons could not be trained in time.

"Housing facilities in Chicago at the present time average one-half a person for every room, i.e. two people in a four-room apartment. This occupancy can be stepped up to three-fourths of a person for every room in the interest of using existing facilities to the utmost in housing war workers. This program of recommending the use of existing facilities is part of the conservation of precious labor and materials."

Mr. Williams said that one-fourth of the new housing facilities which the $18,000,000 budget would provide for Chicago would be west of Cicero Avenue and north of Grand Avenue; another fourth will be in the far-western suburbs of Chicago; one-third will be south of 42nd Street and west of Ashland, and 10% will be in the vicinity of Lake Calumet. He said that one of the jobs of the National Housing agency would be to provide for swapping of living quarters among those whose jobs take them to a part of the city distant from their present shelter.

The Council elected as President for 1942-43, Charles E. Clifton, Jr., Secretary and Treasurer of the First Federal Savings and Loan Association of Wilmette, Illinois; as Vice-Presidents, Frank O. Schneider, President-Manager of the Kankakee Federal Savings and Loan Association; Charles A. Zundalek, President, Home Federal Savings and Loan Association, Chicago, and Col. John B. Reynolds, President of the Chicago Federal Savings and Loan Association; as Secretary, John A. Sierocinski, President of the Second Federal Savings and Loan Association, Chicago; as Treasurer, Otto A. Kling, Vice-President and Secretary of the Austin Federal Savings and Loan Association, Chicago; as new directors, Frank V. Gilmore, First Federal Savings and Loan Association of Chicago; A. J. Smith, Jr., of the A. J. Smith Federal Savings and Loan Association of Chicago; Edward R. Belding, of the Amity Federal Savings and Loan Association of Chicago; A. J. Klyczek, Citizens Federal Savings and Loan Association, Chicago Heights, and Mr. Clifton.

Mtg. Rates Holding In Post-War Period

Fears that higher mortgage interest rates may hold back new home construction following the war, appear to be unfounded at this time, according to Newell J. Nessen, President of the Quaker City Federal Savings & Loan Association of Philadelphia.

"There is no question but that the need for new dwellings will be great in the post-war period," Mr. Nessen states. "There is also little doubt that a great residential building program will be seen and large funds will be needed for home construction and mortgage financing."

Mr. Nessen, in the New York "Times" of Nov. 8, was further quoted as saying:

"The reconversion of plants to peace time uses and the development of new industries will also create a competitive demand for money. In the normal course of events such a situation would tend to bring about an increase in interest rates.

"However, several factors are against any higher interest rates immediately after the war. For some years the investment situation has been such as to create a vast surplus of funds by insurance companies; savings accounts have been increasing, and commercial banks have experienced difficulty in finding outlets for their capital. These factors indicate a tremendous reservoir of funds available after the war for the financing of industry.

"In addition, the close of hostilities will find the Government with several billion dollars outstanding in war bonds. The Government will be keenly interested in holding interest rates at a low level until a great portion of this debt is refunded.

"While there is a possibility that the demand for capital may be so great as to force a higher rate of interest some time after the war, the present outlook appears to be that this situation will not occur until several years following the close of hostilities. Mortgage rates should hold at their present levels long enough to permit the new construction program to get well under way."

Briton Urges End Of Lend-Lease Accounting

General Sir Walter Venning, Director of the British Ministry of Supply mission to the United States, has proposed that no accounting be kept of the materials exchanged by the two countries because it was impossible to evaluate, in terms of cash, lives lost in the war.

General Venning, according to the Associated Press, said he saw nothing to be gained by continuing the present system of keeping accounts of aid rendered and aid received.

He pointed out that lend-lease operations for some time now have been on a reciprocal basis, with Britain furnishing supplies and equipment to American troops overseas as well as receiving supplies and equipment from the United States.

Fighting aid also is on a reciprocal basis, Gen. Venning said, with Allied troops contributing their lives to the common cause on various battlefields, and since it is impossible to place a cash value on men killed or wounded, there is little reason for continuing to keep books on the cash value of weapons sent or received.

Opposition to this suggestion was voiced on Oct. 31 by several Senators who, however, expressed belief that this country would never be paid in full.

Some of these comments were reported by the Associated Press as follows:

Senator Tydings (Dem., Md.) said the United States stood small chance of getting back the $6,489,000,000 in materials and services President Roosevelt reported had been advanced to other countries up to Sept. 1, or subsequent aid.

"I'm practically certain that we will get none of this back," Senator Tydings said. "I don't think we ever expected to get it back when we gave it the high-sounding name of 'lend-lease.' But I think we ought to keep a record to show what was furnished, how it was furnished, who used it and how they used it."

Senator Connally (Dem., Texas) Chairman of the Senate Foreign Relations Committee, commented on Gen. Venning's proposal that he believed this was one of the matters that might well be left for settlement after the war.

"Any communications between the two governments over vital matters such as lend-lease should be handled through the regular channels, the State Department and the embassies," he said.

Senator Reynolds (Dem., N. C.), of the Senate Military Committee, vigorously opposed Gen. Venning's suggestion, asserting that he could not see why American taxpayers "should be forced to pay all the bills of this war."

"It must be remembered, too," Mr. Reynolds declared, "that before this war is over we will be paying in blood as well as dollars."

Senator Wheeler (Dem., Mont.) said Gen. Venning's statement confirmed his own belief that the American people "ought not to kid themselves about getting any of this lend-lease money back." Senator Wheeler said he always had looked upon such aid as a gift on which an accounting ought to be kept but which might as well be cancelled later.

Senator Nye (Rep., N. D.) called Gen. Venning's suggestion "preposterous and unbelievable," but Senator Gillette (Dem., Iowa) pointed out that under the lend-lease law the President was authorized to lend, lease, sell, give or otherwise dispose of materials. He added there was nothing in the law requiring the recipient of such aid to assume any obligations.

Govt. Centralization Leads To Socialism

James A. McConnell, of Ithaca, General Manager of the Co-operative Grange League Federation Exchange at Syracuse, N. Y., warned the members on Oct. 30, that "State socialism will result after the war unless the tide toward centralization of governmental power is halted," said an Associated Press Dispatch from Syracuse, on Oct. 30. Some of Mr. McConnell's other remarks were given in the dispatch as follows:

"Under war necessity in some cases, and in some cases using war necessity as a cloak, bureaucracy has speeded up this whole process of regimentation and control of the daily lives of the people.

"We cannot continue with this great centralization of power without its being used, perhaps at first to do things for us, but eventually, without question, to do things to us."

Moody's Daily Commodity Index

Tuesday, Nov. 10	232.9
Wednesday, Nov. 11	*
Thursday, Nov. 12	231.9
Friday, Nov. 13	232.2
Saturday, Nov. 14	232.1
Monday, Nov. 16	232.5
Tuesday, Nov. 17	231.8
Two weeks ago, Nov. 2	232.3
Month ago, Oct. 17	233.1
Year ago, Nov. 17	208.4
1941 High, Sept. 9	219.9
Low, Feb. 17	171.6
1942 High, Oct. 3	236.4
Low, Jan. 2	220.0

*Holiday

Electric Output For Week Ended Nov. 14, 1942 Shows 12.8% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Nov. 14, 1942, was 3,775,878,000 kwh., which compares with 3,347,893,000 kwh. in the corresponding week last year, an increase of 12.8%. The output for the week ended Nov. 7, 1942, was 11.7% in excess of the similar period in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended Nov. 14	Nov. 7	Oct. 31	Oct. 24
New England	6.0	2.4	0.8	4.1
Middle Atlantic	6.4	4.7	4.5	5.6
Central Industrial	7.7	6.9	6.8	7.9
West Central	11.5	10.4	8.9	10.6
Southern States	22.6	20.0	19.9	17.6
Rocky Mountain	11.4	9.7	8.8	13.1
Pacific Coast	26.0	28.8	31.2	30.7
Total United States	12.8	11.7	11.7	12.3

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Aug 1	3,649,146	3,263,082	+11.8	2,762,240	1,426,986	1,724,728
Aug 8	3,637,070	3,233,242	+12.5	2,743,284	1,415,122	1,729,667
Aug 15	3,654,795	3,238,160	+12.9	2,745,697	1,431,910	1,733,110
Aug 22	3,673,717	3,230,750	+13.7	2,714,193	1,436,440	1,750,056
Aug 29	3,639,961	3,261,149	+11.6	2,736,224	1,464,700	1,761,594
Sep 5	3,672,921	3,132,954	+12.4	2,591,957	1,423,977	1,674,588
Sep 12	3,583,408	3,222,346		2,773,177	1,476,442	1,806,259
Sep 19	3,756,922	3,273,375	+14.8	2,769,346	1,490,863	1,792,131
Sep 26	3,720,254	3,273,376	+13.7	2,816,358	1,499,459	1,777,854
Oct 3	3,682,794	3,330,582	+10.6	2,792,067	1,506,219	1,819,276
Oct 10	3,702,299	3,355,440	+10.3	2,817,465	1,507,503	1,806,403
Oct 17	3,717,360	3,313,596	+12.2	2,837,730	1,528,145	1,798,633
Oct 24	3,752,571	3,340,768	+12.3	2,866,827	1,533,028	1,824,160
Oct 31	3,774,891	3,380,488	+11.7	2,882,137	1,525,410	1,815,749
Nov 7	3,761,961	3,368,690	+11.7	2,858,054	1,520,730	1,798,164
Nov 14	3,775,878	3,347,893	+12.8	2,889,937	1,531,584	1,793,584
Nov 21		3,247,938		2,839,421	1,475,268	1,818,169
Nov 28		3,339,364		2,931,877	1,510,337	1,718,002

National Fertilizer Association Commodity Price Index Unchanged

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on Nov. 16 remained unchanged at a record level last week. This index, in the week ended Nov. 14, stood at 130.4% of the 1935-1939 average, the same as in the preceding week. It registered 130.1 a month ago and 116.4 a year ago. The Association's report also said:

Although there were fractional advances in several industrial groups as well as in the foods group, the decline in the farm products group was enough to hold the general index to the same level as it was in the preceding week. The food price index advanced to a new high level; last week price advances took place in potatoes, lamb, chickens, and cottonseed oil. This index is now 15% higher than at the beginning of the year. The farm products index turned downward, due primarily to lower cotton and livestock quotations, which more than offset an advance in grain prices. The textile index was likewise somewhat lower than the week. Groups showing slight gains were fertilizer materials, due to higher prices for cottonseed meal, and miscellaneous commodities, due to continued advances in cattle feed quotations.

During the week prices of 15 commodities advanced and 3 declined, in the preceding week there were 12 advances and 2 declines, in the second preceding week there were 12 advances and 8 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[*1935-1939=100]

% Each Group Bears to the Total Index	Group	Latest Week Nov. 14, 1942	Preceding Week Nov. 7, 1942	Month Ago Oct. 10, 1942	Year Ago Nov. 15, 1941
25.3	Foods	133.3	133.0	132.5	113.0
	Fats and Oils	147.0	146.9	142.7	122.3
	Cottonseed Oil	160.0	158.4	156.1	141.9
23.0	Farm Products	142.9	143.5	142.6	115.8
	Cotton	183.6	185.1	179.2	155.5
	Grains	117.3	115.8	115.3	106.7
	Livestock	142.5	143.6	143.5	109.3
17.3	Fuels	119.3	119.3	119.3	113.3
10.8	Miscellaneous commodities	127.5	127.4	126.7	126.3
8.2	Textiles	148.5	148.7	147.6	138.9
7.1	Metals	104.4	104.4	104.4	104.0
6.1	Building materials	151.4	151.4	151.5	131.1
1.3	Chemicals and drugs	120.7	120.7	120.7	112.0
.3	Fertilizer materials	117.5	117.4	118.0	114.9
.3	Fertilizers	115.3	115.3	115.3	107.5
.3	Farm machinery	104.1	104.1	104.1	100.2
100.0	All groups combined	130.4	130.4	130.1	116.4

*Indexes on 1926-1928 base were: Nov. 14, 1942, 101.6; Nov. 7, 101.6; Nov. 15, 1941, 90.7.

Wholesale Commodity Prices Again Stable In Nov. 12 Week, Labor Bureau Reports

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Nov. 12 that for the third consecutive week there was no change in the general level of prices in primary markets as a further rise in farm product prices, particularly for grains and dairy products, was offset by declines for hogs and pork. In the first week of November the Bureau's comprehensive index of nearly 900 price series at wholesale remained at 99.7% of the 1926 average, approximately 9% higher than at this time last year.

The Bureau's announcement further said:

"Farm Products and Foods: Prices for many agricultural commodities continued to rise and the Bureau's index for farm products advanced 0.6% to equal the relatively high level reached in the spring of 1928. Prices advanced for all grains except rye. Cattle was up over 3%, and cotton, wool, seeds, hay, apples, onions, and potatoes were somewhat higher. Fresh milk rose seasonally more than 5% in New York, Chicago, and San Francisco markets. Lower prices were reported for hogs, lambs, live poultry at Chicago, for oranges, sweet potatoes and peanuts.

"A decline of 2.5% for meats, largely pork, and for flour, caused the foods group index to drop 0.1% notwithstanding a sharp rise in prices of dairy products, which advanced 2.5%. In addition to the sharp increase in milk prices, butter rose slightly in eastern markets and fruits and vegetables were up 1.4%. Prices were also higher for dressed poultry, for eggs, and for cottonseed oil.

"Average prices for cattle feed advanced 4.6% during the week.

"Industrial Commodities: Except for minor fluctuations, industrial commodity markets continued steady. Prices of rosin and turpentine, which are not under Office of Price Administration control, declined as did also certain types of western pine lumber. Average sales realizations for maple flooring and quotations for Ponderosa pine board advanced."

The Bureau makes the following notation:

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past three weeks, for Oct. 10, 1942 and Nov. 8, 1941 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

Commodity groups	11-7 1942	10-31 1942	10-24 1942	10-10 1942	11-8 1941	Percentage changes to Nov. 7, 1942 from— 10-31 1942	10-10 1942	11-8 1941
All commodities	*99.7	*99.7	*99.7	*99.8	91.7	0	—0.1	+ 8.7
Farm products	109.8	109.1	108.7	108.9	89.6	+0.6	+0.8	+22.5
Foods	102.9	103.0	103.1	103.3	88.8	—0.1	—0.4	+15.9
Hides and leather products	118.4	118.4	118.4	118.4	114.1	0	0	+ 3.8
Textile products	96.6	96.6	96.5	96.5	90.4	0	+0.1	+ 6.9
Fuel and lighting materials	79.6	79.6	79.6	79.7	79.7	0	—0.1	— 0.1
Metals and metal products	*103.9	*103.9	*103.9	*103.9	102.2	0	0	+ 1.7
Building materials	110.2	110.2	110.2	110.5	107.1	0	—0.3	+ 2.9
Chemicals and allied products	96.2	96.1	96.1	96.2	89.8	+0.1	0	+ 7.1
Housefurnishing goods	104.1	104.1	104.1	104.1	100.1	0	0	+ 4.0
Miscellaneous commodities	88.7	88.5	88.3	88.4	85.9	+0.2	+0.3	+ 3.3
Raw materials	103.2	102.7	102.5	102.6	89.2	+0.5	+0.6	+15.7
Semimanufactured articles	92.5	92.5	92.5	92.8	89.5	0	—0.3	+ 3.4
Manufactured products	*99.3	*99.5	*99.6	*99.7	93.5	—0.2	—0.4	+ 6.2
All commodities other than farm products	*97.5	*97.7	*97.7	*97.9	92.2	—0.2	—0.4	+ 5.7
All commodities other than farm products and foods	*95.7	*95.7	*95.6	*95.7	93.1	0	0	+ 2.8

*Preliminary.

Steel Operations Close To Capacity—War Needs And Production Reach Better Balance

"This week indications that soon there may be some more steel for other than direct war uses were strengthening," says "The Iron Age" in its issue of today (Nov. 19), further adding: "Direct action on the steel distribution situation was taken last week by the WPB so as to assure complete utilization of all steel produced. Several 'relief' cases are expected to be included in December steel quotas. These are: (1) Railroads are likely to get a greater tonnage of rails than expected, (2) Barrel makers will find that their December tonnage will be heavier, (3) Bolt and nut makers will find their supplies increased and (4) Warehouses will get a greater share in December steel shipments.

"Straws pointing to a possible steel surplus within six months to a year are now said to be due to the fact that PRP belatedly started to work in the current quarter. Some WPB officials say that there are excess tonnages in a number of shops where allotments made to the armed services and others have not been backed up with orders to the mills.

"In the current week there will be more steel to be distributed, since ingot production is now at 100% of capacity, a half point above last week's level.

"Both pig iron and scrap supplies are somewhat easier for the steel plants. Temporarily, at least, some mills have been more 'choosy' and are rejecting material which they were glad to get a few weeks ago. Others are discouraging remote scrap. Some companies which have been on a hand-to-mouth basis now have a few weeks' supply of scrap. Success of nationwide campaigns to collect old metal went beyond expectations, providing stocks which to a large degree have not reached the mills, but which provide a hedge against a severe winter. Recent blowing in of blast furnaces, with others expected to be melting by spring months, figure strongly in an appraisal of the raw material supply for the steel industry."

The American Iron and Steel Institute on Nov. 16 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 98.7% of capacity for the week beginning Nov. 16, compared with 99.6% one week ago, 101.0% one month ago and 97.0% one year ago. This represents a decrease of 0.9 point or 0.9% from the preceding week. The week's operating rate for the week beginning Nov. 16 is equivalent to 1,688,400 tons of steel ingots and castings, compared to 1,703,800 tons one week ago, 1,727,800 tons one month ago, and 1,602,600 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Nov. 16 stated in part: "While the situation in some steel products is as tight as ever, the overall position in steel appears somewhat easier, especially in shapes, plates, sheets and smaller sizes of bars. This does not mean that tonnage is easily available but that it can be obtained with less difficulty.

"Better inventory balance, in steel supply and munitions, seems the major factor. Inventory controls have prevented unduly large accumulation of steel and those previously made are being reduced. Some programs are sufficiently advanced to require some limitation, including tanks, trucks and other motor vehicles for military use. Aviation and ship work are not so affected.

"Recent rerating downward is a reflection of shift of emphasis and has the direct effect of giving top ratings more meaning and supports the idea that the steel situation is easier for those who have first need for tonnage. The principal shortage is seen in alloy steels, with alloy bar deliveries extended to 35 weeks or longer and large carbon bar flats and rounds available no sooner than second quarter on new orders, in the case of some producers, and scant attention given priorities under AA-2. In spite of curtailed semi-finished exports AA-2 is necessary. Some accumulation of semi-finished has resulted from concentration of shipping space in military movements, this being another factor in the easier steel position.

"With steel producers exerting every effort to keep all equipment possible in action, changes in operations are slight from week to week, the national rate being maintained close to capacity. Scrap has ceased to be a factor and only necessity for repairing hard-driven open hearths causes delay.

"That the steel industry is extending itself in the war effort is evidenced by the American Iron and Steel Institute's report of steel ingot and castings production for October, 7,584,864 net tons, an all-time high, representing 100.1% of rated capacity. This is 191,953 tons greater than the previous record made in March, 7% more than September output and nearly 349,000 tons above tonnage made in October, 1941. Incidentally, October output is about 385,000 tons greater than the entire annual rated capacity of Japan.

"Shipments of finished steel by the United States Steel Corp. to Nov. 1 aggregated 17,548,977 net tons, the highest for that period in the history of the corporation. This is 520,262 tons greater than in the comparable period last year. October shipments were 1,787,501 tons, an increase of 82,931 tons over September, but 63,778 tons below the all-time high established in October, 1941.

"Output of steel plates in October was up slightly from September, totaling 1,101,382 tons, but was below the record of 1,124,118 tons, the peak reached in July. About 80% of October tonnage was for direct use by the Army, Navy and Maritime Commission. Importance of the contribution of converted continuous strip mills is shown by the fact that 536,981 tons were rolled on these mills, nearly half the total. Sheared plate mills provided 449,895 tons and universal mills 114,506 tons. Ten months' plate output was 9,736,000 tons, compared with about 6,000,000 tons in the same period last year."

November 1 Cotton Report

A United States cotton crop of 13,329,000 bales is forecast by the Crop Reporting Board of the United States Department of Agriculture, based upon indications as of Nov. 1, 1942. This is a decrease of 489,000 bales from the forecast as of Oct. 1, and compares with 10,744,000 bales ginned in 1941, 12,566,000 bales in 1940, and 13,109,000 bales, the 10-year (1931-40) average. The indicated yield per acre of 274.9 pounds compares with 231.9 pounds in 1941, 252.5 pounds in 1940 and 215.0 pounds, the 10-year (1931-40) average.

More than two-thirds of the reduction in prospective production from a month ago occurred in Texas, Oklahoma, and Arkansas where a considerable proportion of the crop still remains to be ginned. Insect infestation has been unusually heavy and reduced the production over most of Oklahoma and parts of Texas. Moreover, greater than average rainfall has delayed picking and caused some loss in harvesting. There are also complaints of losses due to scarcity of labor. Substantial reductions from a month ago are also indicated for the Atlantic Coast States where some loss resulted from excessive rains early in October.

Very little change from a month ago is indicated for the group of States including Mississippi, Alabama, Tennessee, Missouri, and the western irrigated areas.

Engineering Construction Fourth Highest Weekly Volume On Record

Engineering construction volume for the week totals $304,221,000, the fourth highest weekly volume ever reported by "Engineering News-Record" on Nov. 12. The week's total is 134% above the volume for the corresponding week last year, and more than doubles the $137,412,000 reported for the holiday-shortened preceding week. The report also said:

Federal construction makes up 96% of the current week's volume and is triple the 1941 week's total. It is responsible for the 161% increase in public work, as State and municipal work is 64% below a year ago. Private construction declines 54% from last year.

The current week's construction brings 1942 volume to $8,766,218,000, a gain of 62% over the $5,424,579,000 reported for the 46-week period in 1941. Private construction, $527,884,000, is 52% below the cumulative total for the period last year, but public work, $8,238,334,000, is 90% greater than a year ago as a result of the 140% increase in Federal volume.

Construction volumes for the 1941 week, the short preceding week, and this week are:

	Nov. 13, 1941 (five days)	Nov. 5, 1942 (four days)	Nov. 12, 1942 (five days)
Total Construction	$130,160,000	$137,412,000	$304,221,000
Private Construction	16,590,000	8,504,000	7,559,000
Public Construction	113,570,000	128,908,000	296,622,000
State and Municipal	16,360,000	3,868,000	5,854,000
Federal	97,210,000	125,040,000	290,768,000

Unclassified construction climbs to its highest peak in history, due primarily to contracts for the laying of a pipeline to the East Coast. In addition to unclassified work, waterworks, sewerage, public buildings, earthwork and drainage, and streets and roads gain over a week ago; and waterworks, sewerage, public buildings, and earthwork and drainage increase over a year ago. Subtotals for the week in each class of construction are: waterworks, $3,274,000; sewerage, $3,170,000; bridges, $183,000; industrial buildings, $2,204,000; commercial building and large-scale private housing, $3,815,000; public buildings, $168,268,000; earthwork and drainage, $1,150,000; streets and roads, $6,964,000; and unclassified construction, $115,193,000.

New capital for construction purposes for the week totals $30,275,000, an increase of 13% over the 1941 week. The current financing volume is made up of $275,000 in State and municipal bond sales, $4,000,000 in corporate security issues, and $26,000,000 in RFC loans for industrial construction.

Bank Debits For Month Of October

As announced on March 30, the Board of Governors of the Federal Reserve System has discontinued the issuance of its weekly "bank debits" press statement and beginning with the month of May has collected figures on a monthly basis from member and non-member banks in the centers previously included in the weekly bank debits statement. The last weekly report was published on page 1876 of the May 4, 1942, issue of the "Chronicle."

We present below the figures for the month of October:

SUMMARY BY FEDERAL RESERVE DISTRICTS

(In millions of dollars)

Federal Reserve District—	Oct. 1942	Oct. 1941	—3 Months Ended— Oct. 1942	Oct. 1941
Boston	3,080	2,749	8,513	7,437
New York	20,196	20,857	59,240	54,547
Philadelphia	2,619	2,695	7,635	7,467
Cleveland	4,122	3,607	11,550	10.188
Richmond	2,485	2,102	6,822	5,640
Atlanta	1,961	1,677	5,412	4,564
Chicago	8,766	7,410	24,830	20.815
St. Louis	2,022	1,745	5,278	4,532
Minneapolis	1,109	990	3,111	2,809
Kansas City	1,979	1,571	5,614	4,496
Dallas	1,635	1,365	4,420	3,617
San Francisco	5,081	4,100	14,514	11,477
†Total, 274 centers	55,057	50,869	156,939	137,588
*New York City	18,323	19,148	53,967	49,881
*140 other centers	31,622	27,329	88,990	75,696
†133 other centers	5,111	4,392	13,982	12,010

*Included in the national series covering 141 centers, available beginning in 1919.

†Excluding centers for which figures were not collected by the Board before May, 1942.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
1942—Week Ended—					
July 4	94,257	100,337	223,809	59	91
July 11	92,481	77,996	236,536	52	90
July 18	103,559	114,917	226,341	71	90
July 25	112,513	120,982	219,700	74	89
Aug. 1	119,023	125,653	213,443	76	89
Aug. 8	114,969	121,035	208,769	75	88
Aug. 15	120,262	122,735	208,206	73	88
Aug. 22	124,763	119,299	213,890	74	87
Aug. 29	122,236	124,440	212,953	77	87
Sept. 5	129,486	124,580	218,539	78	87
Sept. 12	106,933	101,891	222,636	65	86
Sept. 19	138,477	132,212	228,355	81	86
Sept. 26	129,503	131,173	224,926	78	86
Oct. 3	144,506	133,513	236,208	80	86
Oct. 10	147,437	131,961	248,026	80	86
Oct. 17	152,644	134.197	261,871	79	85
Oct. 24	150.133	136.249	275.139	81	85
Oct. 31	138,423	138,262	272,006	84	85
Nov 7	157,919	138,492	291,780	84	85

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Daily Average Crude Oil Production For Week Ended Nov. 7, 1942 Dropped 62,750 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Nov. 7, 1942, was 3,838,400 barrels, a decline of 62,750 barrels when compared with the preceding week, and 257,700 barrels per day less than in the corresponding period a year. The current figure also is 193,000 barrels below the daily average figure for the month of November, 1942, as recommended by the Office of Petroleum Coordinator. Daily production for the four weeks ended Nov. 7, 1942, averaged 3,889,800 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 85.9% of the 4,800,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,674,000 barrels of crude oil daily during the week ended Nov. 7, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of that week, 79,238,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 10,893,000 barrels during the week ended Nov. 7, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations November	*State Allowables Beginning Nov. 1	—Actual Production— Week Ended Nov. 7 1942	Change From Previous Week	4 Weeks Ended Nov. 7 1942	Week Ended Nov. 8 1941
Oklahoma	407,500	407,500	†367,250	— 800	366,150	421,650
Kansas	300,700	300,700	†268,000	— 29,400	293,200	238,950
Nebraska	3,400	------	†3,300	— 150	3,400	6,200
Panhandle Texas			89,800	— 8,700	89,750	79,800
North Texas			137,600	— 2,400	139,400	137,150
West Texas			211,800	— 2,200	211,200	286,800
East Central Texas			94,300	+ 4,100	93,100	87,250
East Texas			354,800	— 7,200	360,200	369,650
Southwest Texas			171,650	+ 3,950	167,800	220,850
Coastal Texas			312,500	— 8,500	315,900	291,500
Total Texas	1,381,000	‡1,447,368	1,372,450	— 20,950	1,377,350	1.473,000
North Louisiana			95,150	— 3,000	97,150	82,450
Coastal Louisiana			227,700	— 3,300	229,450	265,850
Total Louisiana	333,800	345,800	322,850	— 6,300	326,600	348,300
Arkansas	77,200	73,461	74,200	+ 850	73,650	72,450
Mississippi	50,000		†65,950	— 3,250	68,650	64,150
Illinois	280,900		265,550	+ 1,950	263,300	416,600
Indiana	18,400		†18,100	+ 2,200	16,900	18,750
Eastern (not incl. Ill. & Ind.)	105,200		90,500	— 7,450	95,200	90,300
Michigan	64,500		62,600	+ 2,400	62,700	62,850
Wyoming	94,400		89,200	— 550	90,250	80,450
Montana	24,800		21,800	— 50	21,800	21,400
Colorado	7,000		6,650	— 350	6,850	5,600
New Mexico	100,600	100,600	100,000	+ 500	99,600	116,450
Total East of Calif.	3,249,400		3,128,700	— 61,350	3,165,600	3,437,100
California	782,000	§782,000	709,700	— 1,400	724,200	659,000
Total United States	4,031,400		3,838,400	— 62,750	3,889,800	4,096,100

*O.P.C. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in August, 1942, as follows: Oklahoma, 29,000; Kansas, 4,500; Texas, 102,400; Louisiana, 19,700; Arkansas, 2,800; Illinois, 8,800; Eastern (not including Illinois and Indiana), 8,400; Michigan, 200; Wyoming, 2,400; Montana, 200; New Mexico, 6,200; California, 42,100.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m. Nov. 4.

‡This is the net basic allowable as of Nov. 1, calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 4 to 15 days, the entire state was ordered shut down for 9 days, no definite dates during the month being specified; operators only being required to shut down, as best suits their operating schedules or labor needed to operate leases, a total equivalent to 9 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED NOV. 7, 1942

(Figures in Thousands of barrels of 42 Gallons Each)

District—	Daily Refining Capacity Potential Rate	% Reporting	Crude Runs to Stills Daily Average	% Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
			Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis					
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,440	88.2	1,631	66.8	4,732	38,472	26,598	18,743
Appalachian	176	84.8	155	88.1	500	2,555	764	433
Ind., Ill., Ky.	804	84.9	722	89.8	2,473	13,628	6,260	2,825
Okla., Kansas, Mo.	416	80.1	367	88.2	1,157	6,197	2,005	1,394
Rocky Mountain	147	48.0	89	60.5	331	1,585	423	585
California	817	89.9	710	86.9	1,700	16,801	12,984	54,337
Tot. U. S. B. of M. basis, Nov. 7, 1942	4,800	85.9	3,674	76.5	10,893	†79,238	49,034	78,317
Tot. U. S. B. of M. basis, Oct. 31, 1942	4,800	85.9	3,731	77.7	11,153	19,159	§48,131	§79,166
U. S. Bur. of Mines basis, Nov. 8, 1941			3,995		13,267	82,465	56,209	94,861

*At the request of the Office of Petroleum Coordinator. †Finished 69,982,000 bbls.; unfinished 9,256,000 bbls. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Revised in combined area due to error by reporting company.

A. W. Page Accepts Seamen's Service Post

Arthur W. Page, Vice President of the American Telephone and Telegraph Co., has been elected to the chairmanship of the United Seamen's Service executive committee, Admiral Emory S. Land, Chairman of the Board of Trustees of the organization, announces.

Mr. Page is also a Director of the Chase National Bank of New York, the Continental Oil Co., the Westinghouse Electric & Manufacturing Co., and the Bell Telephone Co. of Canada. He also served as President and Director of the Bell Telephone Securities Co. for six years.

The United Seamen's Service is undertaking a worldwide program of establishing reception centers, recreation camps, clubhouses and rest and recuperation homes for American seamen.

FDR Praises Navy's War Accomplishments

President Roosevelt, in a Navy Day greeting, said on Oct. 26 that the people "know that their Navy is doing the biggest job any navy has ever been called upon to do, and doing it superbly"

In a letter to Secretary Knox in recognition of Navy Day (Oct. 27), Mr. Roosevelt said he was "sure that there is not a man, woman or child in the land who has not been thrilled by its triumphs and inspired by its indomitable courage."

The letter, made public by the Navy, follows:

"My Dear Mr. Secretary:

"This is the first Navy Day ever to be observed with the United States at war. As such, it is the most significant celebration of its kind since Navy Day was first inaugurated in 1922.

"As I salute the Navy in company with 130,000,000 other patriotic American citizens, I am deeply proud of its heroic accomplishments in this war. I am proud not only because of my own long and happy association with the service, but also as its Commander-In-Chief I am acutely aware of the tremendous role it is playing in the preservation of human freedom and decency. When I greeted you just one year ago, the Navy was on defense duty, a symbol of our hope that we could remain isolated and inviolable in a world where tyranny raged unchecked. As I greet you today, the Navy is fighting hard in every corner of the globe to bring victory to our cause.

"On this occasion I need not ask the people of the United States to pay tribute to our Navy, for I am sure that there is not a man, woman or child in the land who has not been thrilled by its triumphs and inspired by its indomitable courage. They know that their Navy is doing the biggest job any navy has ever been called upon to do, and doing it superbly. They have the most profound faith in their Navy's ability to sweep our enemies from the seas and in conjunction with the Army, Marine Corps and the Coast Guard, preserve America's place of honor in the community of nations.

"Very sincerely yours,

"FRANKLIN D. ROOSEVELT."

RFC To Liquidate EHFA

The Reconstruction Finance Corporation has taken over the assets of the Electric Home and Farm Authority for liquidation, it was announced on Nov. 1 by Jesse H. Jones, Secretary of Commerce.

A recent Presidential Order ending the life of the EHFA was referred to in our issue of Oct. 22, page 1444. Advices from Washington appearing in the "Wall Street Journal" of Nov. 2 said:

"EHFA was created in 1933 by executive order to aid in financing the distribution, sale and installation of electrical appliances in the Tennessee Valley Territory. In 1935 it was transferred to the RFC for management and its activities were made nationwide and extended to other than electrical household appliances.

"The Authority has assisted 7,105 small contractors and business concerns in 37 states by purchasing instalment contracts covering the sale of refrigerators, ranges, water heaters, washing machines, cream separators, etc. to more than 380,000 householders who could not buy for cash. The contracts so purchased aggregated more than $53,000,000 and averaged less than $150 a contract.

"The capital stock of EHFA transferred to the RFC was $850,000, and after all expenses of operation will liquidate for approximately $1,500,000, Mr. Jones' statement said."

Market Value Of Bonds On N. Y. Stock Exchange

The New York Stock Exchange announced on Nov. 9 that as of the close of business Oct. 31, there were 1,144 bond issues aggregating $67,206,997,992 par value listed on the New York Stock Exchange with a total market value of $64,843,877,284. This compares with 1,145 bond issues aggregating $65,256,424,585 par value, with a total market value of $62,765,776,218 on Sept. 30, 1942.

In the following table listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

Group—	Sept. 30, 1942 Market Value $	Sept. 30, 1942 Average Price $	Oct. 31, 1942 Market Value $	Oct. 31, 1942 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	47,273,083,825	104.94	49,257,034,419	104.78
U. S. companies:				
Amusements	35,890,591	100.69	41,592,419	100.60
Automobile	13,562,746	104.22	13,550,513	104.13
Building	17,239,320	95.73	17,369,386	96.46
Business and office equipment	15,375,000	102.50	15,225,000	101.50
Chemical	76,426,113	100.84	76,701,315	101.21
Electrical equipment	36,362,500	103.89	36,300,000	103.71
Financial	57,848,364	100.61	58,002,875	100.88
Food	233,677,876	103.34	233,955,167	103.54
Land and realty	10.108,550	73.60	9,843,303	71.67
Machinery and metals	43,991,809	99.53	43,894,956	100.11
Mining (excluding iron)	91,200,031	58.49	92,110,614	59.08
Paper and publishing	49,715,718	100.21	49,296,110	100.33
Petroleum	590,691,061	102.95	591,620,579	103.14
Railroad	6,576,473,118	64.00	6,660,019,748	64.85
Retail merchandising	11,668,133	79.01	11,668,794	79.01
Rubber	72,998,601	99.35	73,645,345	100.23
Ship building and operating	11,472,000	100.00	11,443,320	99.75
Shipping services	17,783,449	64.43	18,272;538	66.20
Steel, iron and coke	546,826,815	99.87	545,742,574	100.13
Textiles	36,256,256	99.74	36,281,550	99.81
Tobacco	146,206,888	104.84	146,144,172	104.79
Utilities:				
Gas and electric (operating)	3,336,951,321	107.06	3,337,082,089	107.16
Gas and electric (holding)	97,345,500	99.00	96,568,938	98.21
Communications	1,200,835,193	107.02	1,203,249,070	107.24
Miscellaneous utilities	88,085,269	60.04	87,454,132	59.64
U. S. companies oper. abroad	110,310,905	60.70	111,085,526	61.12
Miscellaneous businesses	31,281,765	105.32	30,921,115	104.10
Total U. S. companies	13,556,584,892	79.12	13,649,041,148	79.68
Foreign government	1,226,278,581	55.48	1,227,297,976	55.69
Foreign companies	709,828,920	82.15	710,503,741	82.22
All listed bonds	62,765,776,218	96.18	64,843,877,284	96.48

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1940—	Market Value $	Average Price $	1941—	Market Value $	Average Price $
Sept. 30	49,643,200,867	92.08	Oct. 31	55,106,635,894	95.25
Oct. 31	50,438,409,964	92.84	Nov. 29	54,812,793,945	94.80
Nov. 30	50,755,887,399	93.58	Dec. 31	55,033,616,312	94.50
Dec. 31	50,831,283,315	93.84	1942—		
1941—			Jan. 31	56,261,398,371	95.24
Jan. 31	50,374,446,095	93.05	Feb. 28	57,584,410,504	95.13
Feb. 28	50,277,456,796	92.72	Mar. 31	58,140,382,211	95.97
Mar. 31	52,252,053,607	93.73	Apr. 30	57,923,553,616	95.63
Apr. 30	52,518,036,554	94.32	May 29	59,257,509,674	95.64
May 30	52,321,710,056	94.22	June 30	59,112,072,945	95.50
June 30	53,237,234,699	94.80	July 31	61,277,620,583	95.76
July 31	53,259,696,637	95.04	Aug. 31	62,720,371,752	96.08
Aug. 30	53,216,867,646	94.86	Sept. 30	62,765,776,218	96.18
Sept. 30	53,418,055,935	94.74	Oct. 31	64,843,877,284	96.48

Retail Food Costs Advanced 2.4% Between Mid-Sept. and Mid-Oct., Labor Dept. Reports

The cost of food for the average family rose by 2.4% between Sept. 15 and Oct. 13, Secretary of Labor Perkins reported on Nov. 8. Most of this rise occurred during the latter part of September and early October, prior to the OPA action bringing under price control as of Oct. 6 an additional 30% of the family food bill. The following table shows the percent increase from Sept. 15 to Oct. 13, and since May of this year, for various groups of foods controlled by OPA and not under OPA control:

	Percent Change Sept. 15 to Oct. 13	Percent Change May 12 to Oct. 13
ALL FOODS	+ 2.4	+ 6.6
Controlled prior to Sept. 15	+ 0.2	+ 0.4
Placed under control Oct. 6	+ 5.6	+16.8
Foods not controlled by OPA	+ 5.9	+16.7

The Labor Department's announcement further said:

"At the higher mid-October levels, foods in retail grocery stores were selling 6.6% above the level of mid-May and 16% higher than a year ago in October. The food cost index of the Bureau of Labor Statistics was at 129.6% of the 1935-39 average, the highest point since May, 1930.

"The increase during the month was nationwide, affecting all of the 51 cities surveyed. The greatest advances, as in earlier months, were in the group of foods brought under control by OPA as of Oct. 6, particularly butter and other dairy products; eggs, up seasonally; oranges; potatoes, and onions. There was also a substantial advance in prices of fresh fruits and vegetables, which are still not under OPA control. Prices of meats and certain other foods which have been under OPA control for considerable time continued to edge up, and prices of canned fruits and vegetables advanced as the effect of OPA's order permitting higher prices on the new pack reached retail markets.

"Significant increases in the group of prices frozen as of Oct. 6 at the highest level prevailing between Sept. 28 and Oct. 2 were reported for oranges (13.8%), butter (6.7%), eggs (6.2%), potatoes (5.8%), cheese (4.7%), onions (4.4%), evaporated milk (3.4%), and flour (1.8%). These price rises at retail were all larger than the usual seasonal advance except that for eggs. Prices of roasting chickens were fairly steady.

"Those foods under control by OPA prior to Oct. 6 which increased in price included bananas, which had been below ceiling levels (3.9%), canned peaches (2.5%), meats (0.5%), and canned vegetables (1%). Decreases were reported for lamb which was brought under control in August.

"The increase in foods still not under control was led by certain fresh vegetables with a 44% advance for fresh green beans, a rise that is several times the usual seasonal amount, carrots up 17% and lettuce up 11%. These increases reflect an advance of 18% from Sept. 15 to Oct. 15 in farm prices for truck crops, as reported by the Department of Agriculture. However, large seasonal declines at retail were reported for sweet potatoes, spinach and cabbage.

"The increase as compared with last year at this time varies from 3.4% for cereals and bakery products to 34.6% for fresh fruits and vegetables."

Index numbers of food costs by commodity groups for Oct. 13, Sept. 15, Aug. 18, May 12, and March 17, 1942, Oct. 14, 1941, and Aug. 15, 1939, are shown below:

INDEXES OF RETAIL COSTS OF FOOD BY COMMODITY GROUPS

(Five-Year Average 1935-39 = 100)

Commodity Group	Oct. 13 1942*	Sept. 15 1942	Aug. 18 1942	May 12 1942	Mar. 17 1942	Oct. 14 1941	Aug. 15 1939
ALL FOODS	129.6	126.6	126.1	121.6	118.6	111.6	93.5
Cereals and bakery products	105.7	105.4	105.3	105.2	104.8	102.2	93.4
Meats	131.2	†130.6	129.5	124.3	120.5	112.9	95.7
Beef and veal	126.5	†126.0	125.3	124.1	119.7	115.1	99.6
Pork	124.4	124.0	123.3	123.2	117.5	109.3	88.0
Lamb	133.0	133.7	133.0	118.2	108.7	110.8	98.8
Chickens	133.0	133.7	131.8	113.4	112.2	101.6	94.6
Fish, fresh & canned	172.8	168.2	164.7	150.9	158.9	131.5	99.6
Dairy products	131.2	127.7	125.8	123.3	121.7	119.9	93.1
Eggs	164.8	155.2	145.7	115.4	112.1	137.3	90.7
Fruits & vegetables	137.2	129.7	133.1	128.7	123.4	104.0	92.4
Fresh	139.3	130.3	135.2	130.0	123.7	103.5	92.8
Canned	125.0	123.8	122.8	122.7	120.8	103.7	91.6
Dried	150.5	143.4	138.8	131.2	127.9	112.7	90.3
Beverages	124.1	123.8	123.5	124.6	119.6	111.0	94.9
Fats and oils	121.1	120.7	120.4	122.4	116.8	105.6	84.5
Sugar	126.9	127.0	126.7	127.1	128.5	112.5	95.6

*Preliminary. †Revised.

October Retail Prices Continue Unchanged, According To Fairchild Publications Index

Retail prices again remained unchanged during the month, according to the Fairchild Publications Retail Price Index. The index is 113.1 for the fourth consecutive month. It is still somewhat higher than last year at this time although the increase recorded is slightly lower than that shown in the comparison of Oct. 1, 1942, over Oct. 1, 1941. The increase then was 7.5% against one of 6.5% for the period of Nov. 1, 1942, over Nov. 1, 1941. However, prices still remain 27.2% greater than during the period immediately preceding the outbreak of war in 1939.

The announcement, issued Nov. 13, further stated:

"Although the composite index remained at the same level as the preceding month, two of the major groups showed some movement. Men's apparel increased 0.1%, whereas women's apparel decreased 0.1%. Piece goods continue to show the greatest rise over the 1941 period, 10.4%, followed by men's apparel with 9.1%. A 33.6% rise over the 1939 period was the greatest recorded for the major groups, as shown by piece goods. Home furnishings and women's apparel follow closely with increases of 27.8% and 26.8%. Again infants' wear advanced the least, both over Nov. 1, 1942, and over the 1939 pre-war level.

"Among the individual commodities only four showed any change during the month. Woolen piece goods declined 0.1%, and furs went down 0.4%. Increases were recorded in both men's underwear, 0.2%, and in infants' shoes, 0.1%. Cotton wash goods, men's hose, and sheets and pillow cases advanced the most over last year. Fur retail prices are again less than they were during this same period of 1941. The smallest increases over last year are shown by women's shoes, infants' underwear, furniture men's hats, and floor coverings. The comparison with the period previous to the outbreak of hostilities in 1939 shows that furs increased the most and women's shoes the least.

"The movement of retail prices will continue to be unchanged or very slight, according to A. W. Zelomek, economist, under whose supervision the index is compiled. The few slight increases shown by the index are due to the various price regulations which permit adjustments of the ceiling prices of the individual items, and these are reflected by the index. There are also, and will probably be in the future, the effects of special appeals to the OPA, and these will also be reflected by the index."

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX

JAN. 3, 1931=100

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	May 1, 1933	Nov. 1, 1941	Aug. 1, 1942	Sept. 1, 1942	Oct. 1, 1942	Nov. 1, 1942
Composite Index	69.4	106.2	113.1	113.1	113.1	113.1
Piece Goods	65.1	101.6	†112.3	112.3	112.2	112.2
Men's Apparel	70.7	96.5	105.1	*105.2	105.2	*105.3
Women's Apparel	71.8	105.7	112.8	112.7	112.7	112.6
Infants' Wear	76.4	102.1	108.0	108.0	108.0	108.0
Home Furnishings	70.2	108.5	115.6	115.5	115.5	115.5
Piece Goods						
Silks	57.4	79.8	†85.0	84.8	84.7	84.7
Woolens	69.2	99.5	108.1	108.1	108.1	108.0
Cotton Wash Goods	68.6	125.6	†143.9	143.9	143.8	143.8
Domestics						
Sheets	65.0	111.4	127.0	126.9	126.8	126.8
Blankets & Comfortables	72.9	124.4	135.0	135.0	135.0	135.0
Women's Apparel						
Hosiery	59.2	86.0	94.1	94.1	94.1	94.1
Aprons & House Dresses	75.5	124.6	140.5	140.5	140.5	140.5
Corsets & Brassieres	83.6	100.1	111.3	111.2	111.2	111.2
Furs	66.8	138.1	136.0	135.4	135.1	134.6
Underwear	69.2	95.7	102.7	102.7	102.7	102.7
Shoes	76.5	89.6	92.4	92.4	92.4	92.4
Men's Apparel						
Hosiery	64.9	94.8	108.0	108.0	108.0	108.0
Underwear	69.6	102.8	114.6	114.6	114.6	*114.8
Shirts & Neckwear	74.3	91.4	99.0	99.0	99.0	99.0
Hats & Caps	69.7	89.1	94.3	94.3	94.3	94.3
Clothing incl. Overalls	70.1	99.2	105.1	*105.5	*105.9	105.9
Shoes	76.3	101.7	†109.6	109.6	109.6	109.6
Infants' Wear						
Socks	74.0	106.3	†114.5	114.5	114.5	114.5
Underwear	74.3	100.3	103.6	103.6	103.6	103.6
Shoes	80.9	99.6	109.5	105.9	105.9	*106.0
Furniture	69.4	124.7	129.2	129.2	129.2	129.2
Floor Coverings	79.9	138.6	146.8	146.8	146.8	146.8
Radios	50.6	64.6	66.8	66.8	66.8	66.8
Luggage	60.1	89.2	94.7	94.7	94.7	94.7
Electrical Household Appliances	72.5	90.4	93.5	93.5	93.5	93.5
China	81.5	105.1	110.6	110.6	110.6	110.6

Note—Composite Index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups.

*Increases due to application of price ceiling adjustments.

†Increase due solely to special pricing of new mail order catalogues. Such catalogues are generally issued twice a year, in January and July. Thus permissible increases above January prices appear for the first time in this month's index.

From Washington

(Continued from first page)

who is about the closest thing in so-called social philosophy, we have to him in this country; and he didn't like Averill Harriman, a fellow who was singing his praises to the sky.

We have always thought that the crowd in Moscow were the greatest propagandists the world has ever known. But you wonder about it, when Stalin, after receiving two of our greatest capitalistic shots, two men who are for him, who think he is a grand fellow, tells another visitor, Willkie, that he, in effect, considered them a couple of bums.

Stalin's point, as we understand it, was that they did not have ambassadorial or cabinet rank. He thinks Mr. Roosevelt should send him over a man of the equal official capacity of Molotov.

The first thing that strikes us is that the leader of a great proletarian government should be thinking in terms of rank. It so happens that in Harry Hopkins he got the closest man in the country to the President. The word that Willkie has brought back has tended to run Harry down in the gossip columns and among his traducers. The fact that Stalin was not impressed with his importance, they say, definitely runs him down, and as a result he has passed out of Mr. Roosevelt's favor.

Nuts! Harry is still living at the White House. He still has Mr. Roosevelt's ear. Influence comes from having ideas, cracked-pot or not, and having an outlet for them. Harry still has an outlet for his ideas, and make no mistakes about that.

Stalin missed a bet on Harry. He should have said to Willkie: "There is a fellow with a lot of sense, he is a great man," whether he thought so or not, because Stalin should know that Harry is still close to the throne, and when he visited Russia he was far more important than any cabinet member that could have been sent. It is truly amazing, but Stalin, if Willkie, the reporter's accounts are true, didn't know that the Presidential cabinet in this country has come to be secondary. Now, frankly, who in the Cabinet would have been more important to send to see Stalin than Harry?

It really looks as if Stalin were trying to run down the "truly and more Democratic system" which we have set up. Certainly, it doesn't make us feel good; indeed, it makes us feel that something is still wrong with our Government when this noble ally of ours, complains that the "big shots" we send over to see him aren't "big shots" at all. Not only that, his attitude is bound to make anti-Communists of both Harry and Averill Harriman.

Denies OPA Plans Rigid Controls Of Inventory

Price Administrator Leon Henderson on Oct. 29 issued the following statement in connection with an article carried by the International News Service concerning OPA plans regarding inventories of retail stores:

"1. The Office of Price Administration, contrary to statements made in the I.N.S. story published this morning, is not considering plans to seize excessive inventories of large chain stores and allocate them to smaller stores to assure equitable distribution of goods.

"2. The OPA is not drafting orders providing for rigid inventory controls and allocation of goods, as stated in the story."

Mr. Henderson pointed out that control of inventories is generally a function of the WPB and is outside the jurisdiction of the OPA except in the case of rationed products.

The English Gold And Silver Markets

We reprint the following from the quarterly letter of Samuel Montagu & Co. of London, written under date of Oct. 1, 1942:

Gold

The amount of gold held in the Issue Department of the Bank of England remained unaltered at £241,718.

The Bank of England's buying price for gold remained unchanged at 168/- per fine ounce, at which figure the above amount was calculated.

The gold output of the Transvaal for the months of June, July, and August 1942 are given below, together with figures for the corresponding months of 1941 for the purpose of comparison:

	1942	1941
June	1,199,569 fine ounces	1,181,255 fine ounces
July	1,220,154 " "	1,225,772 " "
August	1,182,437 " "	1,225,708 " "

Silver

Conditions in the London market remained unchanged during the three months under review and the price of 23½d for both cash and two months' delivery was unaltered throughout the period. There was perhaps some increase in the demand for industrial purposes, due to mounting war needs, and this was again met from official stocks, with a few offerings from production sources making their appearance from time to time.

There was a rather surprising development in August, when it was reported from Washington on the 24th that the State Department had announced that the price of silver imported into the United States was to be raised from a little over 35 cents to 45 cents per ounce from Aug. 31. The decision was reached after discussions between the Governments of the United States and Mexico, the latter being the largest exporter of silver to the United States.

It was announced in Washington on Aug. 31 that the Treasury had issued a report summarizing its efforts to make silver available for urgent war uses. Its entire stock of non-monetary silver, totaling 1,350,000,000 ounces, is being "lend-leased" to industry and the Treasury has made no foreign silver purchases since November, all imports going to industrial users. Meanwhile, as already revealed, the Office of Price Administration had ordered a new price "ceiling" of 45 cents an ounce for imported silver, representing a rise of nearly 10 cents. The purpose of the increase, as explained by the OPA, is to permit the Mexican Government to levy a special emergency tax and to provide a larger return to the Mexican silver industry to stimulate production, thus increasing the amount of Mexican silver available for purchase by the United States.

On Sept. 1, Messrs. Handy & Harman of New York announced that "pursuant to the Office of Price Administration regulations effective on Aug. 31, by which the import price of foreign silver is raised from 35⅝ cents per ounce to 45 cents f.o.b. New York or San Francisco, business has been transacted today at the newly authorized ceiling of 45 cents per ounce. On this basis we have raised the New York official quotation for foreign silver from 35⅛ cents to 44¾ cents."

At present the situation would appear to be somewhat obscure, as it is not clear whether foreign silver can be secured by the market at 44¾ cents for resale to industrial users, or whether it will be acquired by the Treasury at the ceiling price of 45 cents and finds its way into industry via "lend-lease" channels.

Meanwhile the London market has remained isolated and no change in London quotations followed the new development in America.

QUOTATIONS IN LONDON
(Bar Silver per ounce std.)

Cash Delivery		Two Months'
	July 1942	
23½d. throughout		23½d. throughout
	August 1942	
23½d. throughout		23½d. throughout
	September 1942	
23½d. throughout		23½d. throughout

QUOTATIONS IN NEW YORK (per ounce .999 fine)

	U. S. Treasury Price	Market Price
Until 31st Aug.	35 cents	35⅛ cents
Thereafter	45 cents	44¾ cents

The official dollar rates fixed by the Bank of England during July, August and September 1942 were as follows:

Buying	Selling
$4.03½	$4.02½

October Shipments By Subsidiaries Of U. S. Steel Corp. Exceed Those Of September

Shipments of finished steel products by subsidiary companies of the United States Steel Corporation for the month of October, 1942, amounted to 1,787,501 net tons, as compared with 1,703,570 net tons in the preceding month, an increase of 83,931 net tons, and with 1,851,279 net tons in the corresponding month in 1941, a decrease of 63,778 net tons.

For the 10 months ended Oct. 31, 1942, shipments were 17,548,977 net tons, a record high for that period. In the first 10 months of 1941 shipments totaled 16,988,715 net tons.

In the table below we list the figures by months for various periods since January, 1929:

	1942	1941	1940	1939	1938	1929
January	1,738,893	1,682,454	1,145,592	870,866	570,264	1,364,801
February	1,616,587	1,548,451	1,009,256	747,427	522,395	1,388,407
March	1,780,938	1,720,366	931,905	845,108	627,047	1,605,510
April	1,758,894	1,687,674	907,904	771,752	550,551	1,617,302
May	1,834,127	1,745,295	1,084,057	795,689	509,811	1,701,874
June	1,774,068	1,668,637	1,209,684	607,562	524,994	1,529,241
July	1,765,749	1,666,667	1,296,887	745,364	484,611	1,480,008
August	1,788,650	1,753,665	1,455,604	885,636	615,521	1,500,281
September	1,703,570	1,664,227	1,392,838	1,086,683	635,645	1,262,874
October	1,787,501	1,851,279	1,572,408	1,345,855	730,312	1,333,385
November	------	1,624,186	1,425,352	1,406,205	749,328	1,110,050
December	------	1,846,036	1,544,623	1,443,969	765,868	931,744
Total by mos.	------	20,458,937	14,976,110	11,752,116	7,286,347	16,825,477
Yearly adjust.	------	*42,000	37,639	*44,865	29,159	*12,827
Total	------	20,417,000	15,013,749	11,707,251	7,315,506	16,812,650

*Decrease.

Note—The monthly shipments as currently reported during the year 1942, are subject to adjustments reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

Statutory Debt Limitation As Of Oct. 31, 1942

The Treasury Department made public on Nov. 4 its monthly report showing the face amount of public debt obligations issued under the Second Liberty Bond Act (as amended) outstanding on Oct. 31, 1942, totaled $95,365,199,396, thus leaving the face amount of obligations, which may be issued subject to the $125,000,000,000 statutory debt limitation at $29,634,800,604. In another table in the report, the Treasury indicates that from the total face amount of outstanding public debt obligations ($95,365,199,396) should be deducted $3,020,290,634 (the unearned discount on savings bonds), reducing the total to $92,344,908,762, but to this figure should be added $558,904,970 (the other public debt obligations outstanding but not subject to the statutory limitation). Thus, the total gross debt outstanding as of Oct. 31 was $92,903,813,732.

The following is the Treasury's report for Oct. 31:

Statutory Debt Limitation as of Oct. 31, 1942

Section 21 of the Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, "shall not exceed in the aggregate $125,000,000,000 outstanding at any one time."

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$125,000,000,000
Outstanding as of Oct. 31, 1942:			
Interest-bearing:			
Bonds—			
Treasury	$43,380,696,150		
Savings (maturity value)*	16,401,132,925		
Depositary	101,949,000		
Adjusted Service	725,482,307		
		$60,609,260,382	
Treasury notes	$19,778,721,475		
Certificates of indebtedness	9,575,652,000		
Treasury bills (maturity value)	5,125,703,000		
		34,480,076,475	
		$95,089,336,857	
Matured obligations on which interest has ceased		75,571,070	
Bearing no interest (U. S. Savings Stamps)		200,291,469	
			95,365,199,396
Face amount of obligations issuable under above authority			$29,634,800,604

RECONCILEMENT WITH DAILY STATEMENT OF THE UNITED STATES TREASURY, OCT. 31, 1942

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act, as amended		$95,365,199,396
Deduct, unearned discount on savings bonds (difference between current redemption value and maturity value)		3,020,290,634
		$92,344,908,762
Add other public debt obligations outstanding but not subject to the statutory limitation:		
Interest-bearing (pre-war, etc.)	$195,969,620	
Matured obligations on which interest has ceased	10,656,100	
Bearing no interest	352,279,250	
		558,904,970
Total gross debt outstanding as of Oct. 31, 1942		$92,903,813,732

*Approximate maturity value. Principal amount (current redemption value), according to preliminary public debt statement, $13,380,842,291.

Cotton Ginned From Crop Of '42 Prior To Nov. 1

The Census report issued on Nov. 9, compiled from the individual returns of the ginners is shown below:

Number of bales of cotton ginned from the growth of 1942 prior to Nov. 1, 1942, and comparative statistics to the corresponding date in 1941 and 1940 (running bales, counting round as half bales and excluding linters):

State—	1942	1941	1940
United States	*9,726,443	*7,961,157	*9,085,870
Alabama	808,793	733,534	586,958
Arizona	41,712	72,744	65,093
Arkansas	1,161,226	1,181,818	987,117
California	81,459	104,228	301,420
Florida	14,259	14,247	17,358
Georgia	768,279	588,737	858,936
Illinois	3,095	4,765	2,035
Kentucky	12,020	14,655	6,382
Louisiana	545,181	297,941	405,848
Mississippi	1,685,592	1,314,608	895,104
Missouri	328,554	407,683	231,751
New Mexico	44,056	29,553	54,960
North Carolina	509,513	487,659	545,952
Oklahoma	458,862	313,350	480,297
South Carolina	611,599	367,279	818,138
Tennessee	475,912	513,316	266,481
Texas	2,161,731	1,497,633	2,550,030
Virginia	14,600	17,407	12,010

*Includes 48,626 bales of the crop of 1942 ginned prior to Aug. 1 which was counted in the supply for the season of 1941-42, compared with 1,969 and 32,187 bales of the crops of 1941 and 1940.

The statistics in this report include no round bales for 1942; 694 for 1941 and 3,164 for 1940. Included in the above are 18,037 bales of American-Egyptian for 1942; 18,981 for 1941 and 13,720 for 1940; also 484 bales Sea-Island for 1942; 2,570 for 1941 and 3,337 for 1940.

The statistics for 1942 in this report are subject to revision when checked against the individual returns of the ginners being transmitted by mail. The revised total of cotton ginned this season prior to Oct. 18 is 8,188,230 bales.

Consumption, Stocks, Imports, and Exports—United States

Cotton consumed during the month of September, 1942, amounted to 966,149 bales. Cotton on hand in consuming establishments on Sept. 30, was 1,812,204 bales, and in public storage and at compresses 9,724,038 bales. The number of active consuming cotton spindles for the month was 22,956,224.

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

World Statistics

Because of war conditions and the difficulties in obtaining dependable world statistics such data are being omitted from this report for the time being.

NYSE Short Interest Higher On Oct. 30

The New York Stock Exchange announced on Nov. 10 that the short interest existing as of the close of business on the Oct. 30 settlement date, as compiled from information obtained by the Exchange from its members and member firms, was 558,446 shares, compared with 548,365 shares on Sept. 30, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the Oct. 30 settlement date, the total short interest in all odd-lot dealers' accounts was 23,472 shares, compared with 30,972 shares, on Sept. 30.

The Exchange's announcement further said:

"Of the 1,243 individual stock issues listed on the Exchange on Oct. 30, there were 29 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.

"The number of issues in which a short interest was reported as of Oct. 30, exclusive of odd-lot dealers' short positions, was 452, compared with 409 on Sept. 30."

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1940—	
Nov. 29	515,548
Dec. 31	459,129
1941—	
Jan. 31	498,427
Feb. 28	487,151
Mar. 31	537,613
Apr. 30	510,969
May 29	496,892
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577
Feb. 27	489,223
Mar. 31	513,546
Apr. 30	530,636
May 29	534,396
June 30	514,158
July 31	*517,422
Aug. 31	532,867
Sept. 30	548,365
Oct. 30	558,446

*Revised.

El Salvador Acts To Regulate Coffee Industry

Advices received Oct. 26 from the Department of Commerce at Washington stated:

"Permanent central control of El Salvador's coffee industry has been made possible by establishment of the Salvador Coffee Company, a private corporation under Government influence, according to the Department of Commerce.

"Provisions of the law creating the company do not indicate that any basic change in the plan adopted to control domestic marketing under the Inter-American Coffee Agreement is contemplated.

"The long-term effects of this control will be important to the national economy of El Salvador since 80 to 90% of the total national income is derived from coffee exports.

"The decree establishing the company stated that price fluctuations in the coffee trade inflict great harm on the national economy and it was considered expedient to create a permanent and sufficiently independent institution with adequate powers and funds to stabilize domestic prices.

"As a 'public utility institution' the company is authorized to buy and sell coffee for its own account, cooperate with other institutions in bettering conditions in the industry as they relate to production and marketing and to deal in other agricultural products."

Trading On New York Exchanges

The Securities and Exchange Commission made public on Nov. 13, figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Oct. 31, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Oct. 31 (in round-lot transactions) totaled 1,072,926 shares, which amount was 16.45% of total transactions on the Exchange of 3,261,110 shares. This compares with member trading during the previous week ended Oct. 24 of 1,189,153 shares, or 16.72% of total trading of 3,555,000 shares. On the New York Curb Exchange, member trading during the week ended Oct. 31 amounted to 188,650 shares, or 17.35% of the total volume of that Exchange of 543,670 shares; during the preceding week trading for the account of Curb members of 202,250 shares was 17.46% of total trading of 579,270 shares.

The Commission made available the following data for the week ended Oct. 31:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	959	664
1. Reports showing transactions as specialists	173	92
2. Reports showing other transactions initiated on the floor	165	28
3. Reports showing other transactions initiated off the floor	187	84
4. Reports showing no transactions	537	531

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED OCT. 31, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	57,270	
‡Other sales	3,203,840	
Total sales	3,261,110	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	275,330	
Short sales	33,460	
‡Other sales	235,010	
Total sales	268,470	8.34
2. Other transactions initiated on the floor—		
Total purchases	173,660	
Short sales	6,000	
‡Other sales	139,260	
Total sales	145,260	4.89
3. Other transactions initiated off the floor—		
Total purchases	96,236	
Short sales	7,100	
‡Other sales	106,870	
Total sales	113,970	3.22
4. Total—		
Total purchases	545,226	
Short sales	46,560	
‡Other sales	481,140	
Total sales	527,700	16.45

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED OCT. 31, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	2,745	
‡Other sales	540,925	
Total sales	543,670	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	55,290	
Short sales	2,220	
‡Other sales	58,415	
Total sales	60,635	10.66
2. Other transactions initiated on the floor—		
Total purchases	11,750	
Short sales	100	
‡Other sales	9,790	
Total sales	9,890	1.99
3. Other transactions initiated off the floor—		
Total purchases	20,350	
Short sales	425	
‡Other sales	30,310	
Total sales	30,735	4.70
4. Total—		
Total purchases	87,390	
Short sales	2,745	
‡Other sales	98,515	
Total sales	101,260	17.35
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	30,002	
Total purchases	30,002	
Total sales	14,873	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Nov. 7, 1942, is estimated at 11,160,000 net tons, as compared with 11,620,000 tons in the preceding week and 11,362,000 tons in the corresponding period last year. The production of soft coal to date shows an increase of 14.1% over the same period in 1941.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Nov. 7 was estimated at 1,084,000 tons, a decrease of 26,000 tons (2.3%) from the preceding week. When compared with the output in the corresponding week of last year, there was a decrease of 6,000 tons, or 0.6%. The calendar year to date shows a gain of 4.9%.

The U. S. Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended Nov. 7 showed an increase of 11,800 tons when compared with the output for the week ended Oct. 31. The quantity of coke from beehive ovens decreased 6,200 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM (000 OMITTED)

	Week Ended			January 1 to Date		
Bituminous and lignite coal—	Nov. 7, 1942	Oct. 31, 1942	Nov. 8, 1941	†Nov. 7, 1942	Nov. 8, 1941	Nov. 6, 1937
Total, incl. mine fuel	11,160	11,620	11,362	491,197	430,499	380,362
Daily average	1,860	1,937	1,894	1,878	1,651	1,455
*Crude petroleum—						
Coal equivalent of weekly output	6,148	6,249	6,561	275,205	270,876	248,007

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, Review of 1940, page 775). †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	§Nov. 7, 1942	Oct. 31, 1942	Nov. 8, 1941	Nov. 7, 1942	Nov. 8, 1941	Nov. 9, 1929
*Total, inc. colliery fuel	1,084,000	1,110,000	1,090,000	51,639,000	49,247,000	62,459,000
†Commercial production	1,041,000	1,066,000	1,036,000	49,114,000	46,785,000	57,962,000
Beehive coke—						
United States total	153,500	159,700	139,600	6,777,200	5,617,400	5,695,200
By-product coke—						
United States total	1,218,600	1,206,800	‡	52,746,500	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Oct. avge.
State—	Oct. 31, 1942	Oct. 24, 1942	Nov. 1, 1941	Nov. 2, 1940	Oct. 30, 1937	¶1923
Alaska	5	5	4	4	3	**
Alabama	370	370	266	307	264	398
Arkansas and Oklahoma	98	99	84	49	101	88
Colorado	172	167	162	131	148	217
Georgia and North Carolina	††	1	1	2	††	**
Illinois	1,315	1,285	1,118	914	1,206	1,558
Indiana	525	525	494	345	377	520
Iowa	48	46	63	62	78	116
Kansas and Missouri	190	172	140	101	156	161
Kentucky—Eastern	980	935	925	725	902	764
Kentucky—Western	270	296	240	140	196	238
Maryland	32	30	35	31	32	35
Michigan	5	8	9	13	13	28
Montana (bituminous and lignite)	108	101	93	69	77	82
New Mexico	38	40	25	21	30	58
North and South Dakota (lignite)	89	90	106	67	64	**36
Ohio	725	702	670	380	548	817
Pennsylvania (bituminous)	2,585	2,615	2,502	2,515	2,037	3,149
Tennessee	144	145	152	104	119	118
Texas (bituminous and lignite)	8	8	7	8	21	26
Utah	120	120	95	86	88	121
Virginia	420	400	407	288	319	231
Washington	50	45	49	38	39	68
*West Virginia—Southern	2,255	2,151	2,221	1,695	1,867	1,488
†West Virginia—Northern	875	870	836	593	524	805
Wyoming	192	183	166	129	138	184
‡Other Western States	1	1	1	††	††	**4
Total bituminous and lignite	11,620	11,410	10,871	8,817	9,347	11,310
§Pennsylvania anthracite	1,110	1,193	1,063	947	1,047	1,968
Total all coal	12,730	12,603	11,934	9,764	10,394	13,278

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

Commercial Paper Outstanding

According to reports received by the Federal Reserve Bank of New York from commercial paper dealers, there was a total of $271,400,000 of open market paper outstanding on Oct. 31, a decline of 3.8% from a month ago and a decline of 28% from a year ago, the Reserve Bank announced on Nov. 16. This represented the eighth successive monthly decline. The totals outstanding for Sept. 30, 1942, were $281,800,000 and for Oct. 31, 1941, $377,700,000.

Following are the totals for the last two years:

1942—	$	1941—	$
Oct. 31	271,400,000	Oct. 31	377,700,000
Sept. 30	281,800,000	Sept. 30	370,500,000
Aug. 31	297,200,000	Aug. 30	353,900,000
July 31	305,300,000	July 31	329,900,000
June 30	315,200,000	June 30	299,000,000
May 29	354,200,000	May 31	295,000,000
Apr. 30	373,100,000	Apr. 30	274,600,000
Mar. 31	384,300,000	Mar. 31	263,300,000
Feb. 28	388,400,000	Feb. 28	240,700,000
Jan. 31	380,600,000	Jan. 31	232,400,000
1941—		1940—	
Dec. 31	374,500,000	Dec. 31	217,900,000
Nov. 29	387,100,000	Nov. 30	231,800,000

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Nov. 13 a summary for the week ended Nov. 7, 1942, of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Nov. 7, 1942

	Total for Week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of Orders	12,735
Number of Shares	357,883
Dollar Value	12,454,450
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	145
*Customers' other sales	12,605
Customers' total sales	12,750
Number of Shares:	
Customers' short sales	3,925
*Customers' other sales	331,231
Customers' total sales	335,156
Dollar Value	9,808,119
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	100
†Other sales	86,330
Total sales	86,430
Round-lot Purchases by Dealers—	
Number of Shares	101,960

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended Nov. 7, 1942

Lumber production during the week ended Nov. 7, 1942, was 4% less than the previous week, shipments were 14% less, new business 8% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 4% above production; new orders 5% below production. Compared with the corresponding week of 1941, production was 5% less, shipments 2% greater, and new business 2% less. The industry stood at 136% of the average of production in the corresponding week of 1935-39 and 159% of average 1935-39 shipments in the same week.

Year-to-date Comparisons

Reported production for the first 44 weeks of 1942 was 4% below corresponding weeks of 1941; shipments were 2% above the shipments, and new orders 7% above the orders of the 1941 period. For the 44 weeks of 1942, new business was 18% above production, and shipments were 13% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 72% on Nov. 7, 1942, compared with 33% a year ago. Unfilled orders were 55% greater than a year ago; gross stocks were 30% less.

Softwoods and Hardwoods

Record for the current week ended Nov. 7, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

	Softwoods and Hardwoods		
	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	444	444	469
Production	240,619	252,896	251,609
Shipments	251,057	247,341	291,839
Orders	228,955	233,131	248,214

	Softwoods 1942 Week	Hardwoods 1942 Week
Mills	365	96
Production	229,599—100%	11,020—100%
Shipments	237,554—103	13,503—123
Orders	216,446— 94	12,509—114

Revenue Freight Car Loadings During Week Ended Nov. 7, 1942, Totaled 829,490 Cars

Loading of revenue freight for the week ended Nov. 7, totaled 829,490 cars, the Association of American Railroads announced on Nov. 12. This was a decrease below the corresponding week of 1941, of 44,092 cars, or 5.1%, but an increase above the same week in 1940, of 51,172 cars, or 6.6%.

Loading of revenue freight for the week of Nov. 7 decreased 60,979 cars, or 6.8% below the preceding week.

Miscellaneous freight loading totaled 388,126 cars, a decrease of 43,052 cars below the preceding week, but an increase of 5,210 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 91,524 cars, a decrease of 698 cars below the preceding week, and a decrease of 67,442 cars below the corresponding week in 1941.

Coal loading amounted to 163,193 cars, a decrease of 6,497 cars below the preceding week, and a decrease of 1,384 cars below the corresponding week in 1941.

Grain and grain products loading totaled 42,006 cars, a decrease of 5,314 cars below the preceding week, but an increase of 6,474 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Nov. 7 totaled 27,020 cars, a decrease of 2,784 cars below the preceding week, but an increase of 4,373 cars above the corresponding week in 1941.

Live stock loading amounted to 20,765 cars, a decrease of 4,078 cars below the preceding week, but an increase of 1,999 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of Nov. 7, totaled 16,725 cars, a decrease of 3,917 cars below the preceding week, but an increase of 1,484 cars above the corresponding week in 1941.

Forest products loading totaled 42,398 cars, a decrease of 5,115 cars below the preceding week and a decrease of 57 cars below the corresponding week in 1941.

Ore loading amounted to 67,208 cars, an increase of 3,941 cars above the preceding week, and an increase of 10,263 cars above the corresponding week in 1941.

Coke loading amounted to 14,270 cars, a decrease of 166 cars below the preceding week, but an increase of 845 cars above the corresponding week in 1941.

All districts reported decreases compared with the corresponding week in 1941, except the Southwestern, but all districts reported increases compared with corresponding week of 1940 except the Eastern.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Five weeks of May	4,170,713	4,160,060	3,351,840
Four weeks of June	3,385,769	3,510,057	2,896,953
Four weeks of July	3,321,568	3,413,435	2,822,450
Five weeks of August	4,350,948	4,463,372	3,717,933
Four weeks of September	3,503,658	3,540,210	3,135,122
Five weeks of October	4,512,046	4,553,007	4,064 273
Week of Nov. 7	829,490	873,582	778,318
Total	37,577,715	36,694,338	31,432,631

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Nov. 7, 1942. During this period only 42 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED NOV. 7

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	399	648	696	1,262	1,511
Bangor & Aroostock	1,715	1,483	1,000	190	246
Boston & Maine	6,012	8,728	8.274	14.928	13.551
Chicago, Indianapolis & Louisville	1,512	1,747	1,326	1,971	2,318
Central Indiana	19	23	18	35	[illegible]
Central Vermont	961	1,544	1,355	2,210	2,556
Delaware & Hudson	5,885	6,418	6,187	12,022	10.765
Delaware, Lackawanna & Western	7,038	9,127	8,742	10,785	8,572
Detroit & Mackinac	460	454	576	124	156
Detroit, Toledo & Ironton	1,450	2,450	2,680	1.246	1,200
Detroit & Toledo Shore Line	301	422	452	2,843	3,961
Erie	11,512	14,957	13,833	16,252	15,769
Grand Trunk Western	4,170	6,254	5,672	7,839	9.201
Lehigh & Hudson River	196	227	178	2,950	2,662
Lehigh & New England	1,936	1,743	2,158	2,000	1.631
Lehigh Valley	7.859	9,336	9.368	11.909	9,593
Maine Central	2,170	3.046	3,045	3,074	2,994
Monongahela	6.032	7.046	4,113	395	414
Montour	2,248	2,542	1,973	25	65
New York Central Lines	44,800	52,114	45,216	53,778	51,846
N. Y., N. H. & Hartford	8,917	12,656	10.890	18.375	16.357
New York, Ontario & Western	882	1,102	1,200	2,299	2,333
New York, Chicago & St. Louis	7,056	6,780	6,104	15.629	13.459
N. Y., Susquehanna & Western	323	418	399	1,886	1,519
Pittsburgh & Lake Erie	7,013	8,297	7,318	7.848	9,495
Pere Marquette	5,743	6,694	7,038	6,382	6,598
Pittsburg & Shawmut	705	644	619	9	28
Pittsburg, Shawmut & North	402	402	476	245	251
Pittsburgh & West Virginia	1,031	1,116	711	2.608	[illegible]
Rutland	394	632	609	1,028	1,130
Wabash	5,492	5,616	5,566	13,020	10,468
Wheeling & Lake Erie	5,250	5,614	4,367	4,476	4.303
Total	149,783	180,280	162,159	219,643	207.588
Allegheny District—					
Akron, Canton & Youngstown	729	675	599	1.081	1.042
Baltimore & Ohio	38.083	40.472	34.130	28.684	23,193
Bessemer & Lake Erie	6,324	4.832	6,507	2,627	1,716
Buffalo Creek & Gauley	270	268	229	6	1
Cambria & Indiana	1.776	1,888	1,829	23	8
Central R. R. of New Jersey	6,682	7,309	7,106	19,853	16,254
Cornwall	680	670	151	46	45
Cumberland & Pennsylvania	216	279	274	24	29
Ligonier Valley	118	128	155	63	25
Long Island	1.189	793	880	3,545	2,722
Penn-Reading Seashore Lines	1,646	1,774	1,548	1,767	1.972
Pennsylvania System	78,252	83.308	72,101	65.080	57.274
Reading Co.	13.673	16.332	15,070	27,353	24.530
Union (Pittsburgh)	19.965	19,514	19.285	7.560	5.678
Western Maryland	3,754	4,310	3,604	12,655	9,899
Total	173,357	182,552	163,468	170,367	144.378
Pocahontas District—					
Chesapeake & Ohio	27,044	28.792	22 424	13.110	13.675
Norfolk & Western	21.626	23.766	20 029	7.444	6.513
Virginian	4,469	4.815	3,950	2,243	2,093
Total	53.139	57.373	46.403	22.797	22.281
Southern District—					
Alabama, Tennessee & Northern	379	392	274	379	257
Atl. & W. P.—W. R. R. of Ala.	787	906	814	2,570	2,112
Atlanta, Birmingham & Coast	745	815	698	1,341	1,235
Atlantic Coast Line	11,691	11,062	9,994	10,850	7,046
Central of Georgia	3,689	4,977	4,363	4,961	4,049
Charleston & Western Carolina	406	418	414	1,525	1,554
Clinchfield	1,671	1,814	1,360	2,647	2,702
Columbus & Greenville	519	354	328	334	337
Durham & Southern	112	183	137	407	457
Florida East Coast	1,234	632	780	1,435	1,045
Gainesville Midland	37	42	37	120	103
Georgia	1,414	1,588	1,179	2,503	2,585
Georgia & Florida	404	452	325	480	856
Gulf, Mobile & Ohio	3,941	4,060	3,622	4,679	3,599
Illinois Central System	28,465	27,377	23,340	16,613	14,721
Louisville & Nashville	24,541	25,137	22,114	11,846	8,761
Macon, Dublin & Savannah	201	212	140	701	748
Mississippi Central	176	172	177	627	398
Nashville, Chattanooga & St. L.	3,352	3,773	3,390	4,650	3,660
Norfolk Southern	1,429	1,123	1,198	1,531	1,315
Piedmont Northern	347	534	420	1,267	1,680
Richmond, Fred. & Potomac	463	438	388	10,998	6,381
Seaboard Air Line	11,277	10,547	10,424	9,529	7,815
Southern System	23,148	24,833	22,464	25,051	22,942
Tennessee Central	475	562	429	1,121	767
Winston-Salem Southbound	78	143	152	902	930
Total	120,981	122,546	108,961	119,067	98,055
Northwestern District—					
Chicago & North Western	19,400	21,430	19,101	14,324	13,135
Chicago Great Western	2,005	2,758	2,634	3,391	3,305
Chicago, Milw., St. P. & Pac.	19,135	23,090	20,740	10,770	9,782
Chicago, St. Paul, Minn. & Omaha	2,956	4,133	3,653	4,148	4,626
Duluth, Missabe & Iron Range	24,669	20,023	18,719	430	246
Duluth, South Shore & Atlantic	1,185	1,360	684	590	618
Elgin, Joliet & Eastern	9,340	10,450	9,400	10,529	9,384
Ft. Dodge, Des Moines & South	452	548	512	115	133
Great Northern	20,383	22,809	17,509	5,496	4,371
Green Bay & Western	453	703	641	764	764
Lake Superior & Ishpeming	2,315	2,149	3,461	38	80
Minneapolis & St. Louis	2,048	1,775	1,761	2,448	2,471
Minn., St. Paul & S. S. M.	6,718	8,120	6,984	3,065	3,219
Northern Pacific	11,873	13,620	11,679	5,513	4,290
Spokane International	157	169	175	591	333
Spokane, Portland & Seattle	2,015	2,433	1,828	3,162	2,520
Total	125,104	135,570	119,481	65,374	59,282
Central Western District—					
Atch., Top. & Santa Fe System	23,296	23,348	21,304	13,525	8,959
Alton	3,190	3,231	2,960	4,921	2,823
Bingham & Garfield	568	1,155	537	143	106
Chicago, Burlington & Quincy	20,873	19,533	17,550	13,572	10,890
Chicago & Illinois Midland	2,484	2,447	2,420	795	835
Chicago, Rock Island & Pacific	12,472	13,200	12.813	12,852	10,603
Chicago & Eastern Illinois	2,533	2,837	2,682	3,927	3,091
Colorado & Southern	1,167	1,356	1,060	1,940	1,853
Denver & Rio Grande Western	5,368	4,852	4,323	6,289	5,149
Denver & Salt Lake	812	723	650	12	16
Fort Worth & Denver City	1,250	1,258	1,274	1,608	1,310
Illinois Terminal	1,881	1,959	1,782	1,737	1,898
Missouri-Illinois	1,246	1,064	892	476	473
Nevada Northern	2,064	1,979	1,854	88	129
North Western Pacific	1,148	1,040	730	665	425
Peoria & Pekin Union	25	21	25	0	0
Southern Pacific (Pacific)	30,329	30,169	27,316	12,407	8,172
Toledo, Peoria & Western	353	321	396	1,921	1,670
Union Pacific System	20,350	22,320	19,313	17,863	12,755
Utah	561	478	508	4	7
Western Pacific	2,412	2.547	2,021	3,530	3,248
Total	134,382	135,838	122,410	98,275	74,412
Southwestern District—					
Burlington-Rock Island	158	261	157	299	241
Gulf Coast Lines	5,005	3,478	2,998	2,502	1,948
International-Great Northern	3,137	2,002	1,699	3,471	2,570
Kansas, Oklahoma & Gulf	363	205	248	1,102	1,127
Kansas City Southern	5,206	2,716	2,382	2,489	2,657
Louisiana & Arkansas	3,565	2,662	2,030	2,169	2,038
Litchfield & Madison	297	397	276	1,129	1,052
Midland Valley	628	689	633	285	289
Missouri & Arkansas	176	146	183	433	382
Missouri-Kansas-Texas Lines	5,985	4,642	4,435	5,319	3,423
Missouri Pacific	17,719	16,357	15,285	20,428	12,401
Quanah Acme & Pacific	133	139	187	329	190
St. Louis-San Francisco	8,686	9,140	8,862	8,977	6,303
St. Louis Southwestern	3,004	2,984	2,962	5,592	3,554
Texas & New Orleans	12.912	7.990	7,678	4.837	4,197
Texas & Pacific	5,637	5,424	5,258	7,983	4,974
Wichita Falls & Southern	113	160	153	32	40
Weatherford M. W. & N. W.	20	31	10	21	23
Total	72,744	59.423	55,436	67.397	47.409

Note—Previous year's figures revised.

Non-Ferrous Metals— Maximum Prices On Chrome And Manganese Ores Revised

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Nov. 12, stated: "Effective Nov. 9, sellers of chrome and manganese ores adjusted quotations to bring the sales basis in line with the maximum prices established on that date by the Office of Price Administration. Manganese ore prices now average a little higher than those previously named, whereas chrome ore prices are near the January-June level. Output of civilian products containing copper and zinc are being reduced sharply. WPB expects to save 10,000 tons of zinc a year for war materials in curtailing output of galvanized ware such as containers, pails, and buckets." The publication further went on to say in part:

Copper

Work on revising production quotas to bring larger tonnages of copper into the premium-price range to offset higher labor costs is making progress. Large as well as small producers will benefit under the quota changes now contemplated, according to Washington advices.

Quotations for copper remain unchanged. Domestic producers are obtaining copper on the basis of 12¢, Connecticut Valley. Foreign copper is coming into the country on the basis of 11.75¢, f.a.s. United States ports.

The Requirements Committee of WPB is to make the initial allotments of copper to Claimant Agencies by Feb. 1, 1943, covering deliveries to industry for the second quarter of 1943, it was announced in Washington last week. When the plan is fully in effect, the mills producing controlled materials will not be allowed to fill any orders except against allotments made under CMP. During the transition period (until July 1, 1943), the preference rating system will take care of those manufacturers who may not have received their allotments in time, but allotments for a given month will be filled ahead of other orders bearing preference ratings.

Lead

Lead is not mentioned in the official report of the Controlled Materials Plan, and, unless the metal moves into the critical list, distribution is expected to continue as at present.

Consumers still hope for early modification of the order restricting the use of lead. Prices continued at 6.50¢, New York, and 6.35¢, St. Louis.

Sales of lead in Canada have been placed under direct allocation by the Metals Controller, and sales of secondary lead are now under strict control, it was announced recently by the Department of Munitions and Supply, Ottawa. "While lead is not in short supply, its use as a substitute for copper, zinc, and other critical materials is on the increase, and we (Canada) must know where it is going," Metals Controller Bateman declared.

Zinc

So far as zinc producers are concerned, the inclusion of the metal in the list of products eventually to come under CMP has attracted only mild interest. Allocation of zinc by WPB under the present arrangement permits of virtually no latitude to producers in distributing the metal. The price of Prime Western zinc remains at 8.25¢, St. Louis.

WPB has ordered manufacturers of galvanized ware to accept a simplification and curtailment program, effective Nov. 12. Under the plan, production of 150 items is cut to six. Instead of a wide range in sizes of the products listed, only a few will be manufactured. It is estimated that the program will save 10,000 tons of zinc a year for war materials.

Chrome Ore

The Office of Price Administration established maximum prices on chrome ore, effective Nov. 9, 1942. The prices named on metallurgical and chemical ores are approximately at the level that obtained during the first half of the current year. For ore of 48% chromic oxide content and 3 to 1 chromium-iron ratio, the top price named is $43.50 per long ton, f.o.b. cars at New York, Philadelphia, Baltimore, Charleston, S. C., Portland, Oregon, or Tacoma, Wash.

Tin

Details on the new international tin agreement received from London indicate that within a month after the first meeting of the Tin Committee takes place two consumers' representatives from the United States and one representing all other tin consumers will be invited to participate in the deliberations. Of the United States representatives one is to be named by the Government. Headquarters will be maintained in London.

The price situation in tin was unchanged last week. Straits quality tin for forward shipment was nominally as follows:

	Nov.	Dec.	Jan.
Nov. 5	52.000	52.000	52.000
Nov. 6	52.000	52.000	52.000
Nov. 7	52.000	52.000	52.000
Nov. 9	52.000	52.000	52.000
Nov. 10	52.000	52.000	52.000
Nov. 11		Holiday	

Chinese tin, 99%, spot, 51.125¢ all week.

Quicksilver

Demand was moderate, but quotations continue at $196 @ $198 per flask of 76 lb., New York.

Silver

During the past week the silver market in London has been quiet with the price unchanged at 23½d. The New York Official and the U. S. Treasury prices are also unchanged at 44¾¢ and 35¢, respectively.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Items About Banks, Trust Companies

Legatees Funding Corporation announces the addition of Gordon Brown to its Board of Directors. Mr. Brown, erstwhile Executive Manager of the New York State Bankers Association, is presently Chief of the Finance Section of the War Production Board's New York office.

The Public Relations Bureau of Group V Savings Banks Association of New York State reported an increase of $5,973,284 in deposits during the month of October 1942. In addition, these banks sold $8,443,706 worth of War Bonds in the same period. This, it is pointed out, shows that a considerable amount of the wages of workers is being diverted into channels of saving rather than unnecessary luxury buying. This trend aids in curbing of inflation and provides a cushion for post-war adjustments. Group V is comprised of all the Savings Banks of Brooklyn, Queens, Long Island and Staten Island.

Carter S. Ransom, formerly Manager of the National City Bank of New York branch in Bombay, was appointed an Assistant Cashier at the regular meeting of the Board of Directors held Nov. 11. He is now located in the head office.

Howland S. Davis, Executive Vice-President of the New York Stock Exchange, has been elected a Trustee of the Bank for Savings in the City of New York by the Board of Trustees.

The election of Francis A. Smith as a Vice-President of the Marine Trust Co., Buffalo, N. Y., has been announced by President George F. Rand. He will be in charge of the Business Development Department. Mr. Smith, who has been Assistant Vice-President since 1937, started his banking career wtih the Buffalo Trust Co. 20 years ago and became identified with the Marine when the Buffalo Trust and the Marine merged in 1925.

William M. Wisham has resigned as Executive Vice-President and Cashier of the Hackettstown National Bank, Hackettstown, N. J. Guy W. Donaldson, Assistant Cashier and Trust Officer of the bank, has been elected Cashier, and Warren Sutton, Assistant Trust Officer, has been named Assistant Cashier. John G. Knight, Vice-President and a Director of the bank, will assume a more active role in the bank's affairs.

John Y. Robbins, President of the National Iron Bank, Morristown, N. J., died on Nov. 8 in the East Orange General Hospital. He was 56 years old. A native of Yarmouth, Nova Scotia, Mr. Robbins had headed the Morristown bank for the last seven years. Previous to this association, he had been with the Equitable Trust Co. in New York and the Administrative & Research Corp., Jersey City.

Shareholders of the Union Trust Company and the Union Savings Bank, both of Pittsburgh, it is reported, have approved proposals to make the latter institution a branch of the former and known as the Frick Building Branch. The effective date of the establishment of the new branch will be announced later.

The shareholders of the Union Trust have also approved a change in the capital stock of the company from 15,000 shares of $100 par value to 75,000 shares of $20 par value. Shareholders will receive five shares of the new stock in exchange for each present share.

The admission of the Citizens State Bank of Petersburg, Petersburg, Ind., to membership in the Federal Reserve System brings the total membership of the Federal Reserve Bank of St. Louis to 448. The institution, organized in 1873 and the third oldest State bank in Indiana, has a capital of $42,000 and total resources of $1,110,123. The bank's President is James S. Boonshot.

The Directors of the First National Bank of Chicago have decided to make no increase in the dividend rate or to declare a stock dividend at this time in view of the uncertainties of the times and the fact that there are several cases pending in the Supreme Court involving the taxability of stock dividends. The stockholders were advised of this on Nov. 13 by Edward E. Brown, President of the bank.

Mr. Brown's letter, as given in the Chicago "Journal of Commerce," follows:

"In view of the many rumors which have been afloat regarding a possible early additional distribution on the stock of the First National Bank, the directors of the bank feel that the shareholders should be advised that while there has been informal discussion from time to time of a possible increase in the return to the shareholders, either through an increase in the dividend rate or as a stock dividend capitalizing part of the present surplus, the directors have decided, in view of the uncertainties of the times and the fact that there are now pending in the Supreme Court of the United States various cases reopening the question of the taxability of stock dividends, that it is inadvisable at this time to take any action either to increase the dividend rate or to declare a stock dividend."

Jackson Dodds, Joint General Manager of Bank of Montreal, is retiring after 45 years in the banking field, it was announced Nov. 15 by the bank's Board of Directors. The announcement made no mention of a successor and said directors had acceded to Mr. Dodds' request for retirement from active service with regret. G. W. Spinney, Chairman of the National War Finance Committee, is the other Joint General Manager of the bank.

The following account of his career was given in the Montreal "Gazette" of Nov. 16:

Mr. Dodds, 61, and a native of London, England, entered the banking field in 1897 with the London, England, branch of the Comptoir Nationale D'Escompte de Paris and later joined the Bank of British North America, serving with them in various capacities in Canada and then for a time in London.

In 1919, after 18 years with that institution, he entered the employ of the Bank of Montreal, serving as Assistant Manager of the main office in London, England, for a time and then transferring to Western Canada, first as District Superintendent of Manitoba branches and later as Assistant General Manager in charge of western branches. In 1928, he came to Montreal as Assistant General Manager, becoming Joint General Manager in 1930.

Congratulates Panama

President Roosevelt on Nov. 3 felicitated President Ricardo Adolfo de la Guardia on the national anniversary of Panama. His message said:

"I offer to your Excellency, and through you to the people of Panama, the sincere congratulations of the Government and people of the United States on this anniversary of the independence of Panama. Since the celebration of this occasion a year ago, our two countries as partners in the defense of a common cause and of the new world, have taken significant and positive steps against enemies bent on the destruction of our right to exist as free men. Upon sending these felicitations it is gratifying to contemplate the sincere friendship and cordiality that characterizes our cooperative efforts."

War Dep't Abolishes Specialist Corps

The War Department announced on Oct. 31 that the Army Specialist Corps had been abolished as a separate agency and will be merged with the Army Officer Procurement System as a part of the regular Army.

The change was said to be made "in the interest of efficiency, uniformity of operations, discipline and the avoidance of duplication of effort."

The War Department's announcement said, in part:

"The War Department's program for future officer procurement from civil life will unite in a single agency, serving all branches, the most effective features of the Army Specialist Corps and the Army's existing procurement service.

"After a period of testing officer procurement through the corps as a civilian agency of the War Department, it has been found that the purposes of the corps could not be accomplished to the best advantage in the midst of the war because of the civilian status of those appointed in it to serve with the Army. In the interest of efficiency, uniformity of operations, discipline, and the avoidance of duplication of effort, it is not advisable to have two uniformed services.

"Accordingly, the Army Specialist Corps will cease to function as a separate organization and the procurement of specially qualified persons required by the Army for service in other than civilian positions will be accomplished by specialist commissions in the Army of the United States.

"All men commissioned in the Army directly from civil life will hereafter wear the Army insignia of the Specialist Reserve until such time as appropriate military education has been completed.

"The Secretary of War has continued in effect, with certain added restrictions, his strict policies applicable to appointments in the corps and in the Army to prevent abuse in commissioning men from civil life."

Henry L. Stimson, Secretary of War, has requested Director General Davis to continue in an advisory capacity during the period of consolidation, the War Department said.

Morgenthau To Delay Further Tax Laws

Secretary of the Treasury Morgenthau, just returned from a three-week visit to England, told his press conference on Nov. 2 that he did not expect to ask for any new tax legislation this year but added that he would not close the door on it.

Concerning his trip, the Secretary said that he had discussed monetary questions with British Treasury officials and had also talked with the heads of the British war bond drive. He added that he had brought back no new tax ideas.

Mr. Morgenthau, however, took occasion to point out that British and Canadian residents are paying twice as much income taxes as Americans, excluding excise and other forms of revenue.

President Opposes Longer Work Week As Lowering Productive Efficiency

President Roosevelt asserted on Nov. 6 that he would continue to oppose any moves to suspend the Wages and Hours Law, which requires time and one-half pay for all work in excess of 40 hours, contending that a working week of longer than 48 hours was not conducive to greater production.

The President told his press conference that studies of working conditions in England and Germany had shown that the fatigue factor must be reckoned with for work in excess of a definite period, varying with the kind of work.

A move is once again developing in Congress for the suspension of the 40-hour week law. Senator O'Daniel (Dem., Tex.) has introduced such a bill in the Senate and similar sentiment has been voiced in the House.

Meanwhile, Donald M. Nelson, Chairman of the War Production Board, told the Senate Military Affairs Committee studying manpower legislation on Nov. 6 that he believed a longer work week was one way to attain greater efficiency in the use of workers.

Mr. Nelson also said, according to the Associated Press, he believed voluntary enlistments should be halted and suggested four more ways in which he thought the country could realize a greater war output from its reserves of workers. Production could be increased through better management, he said; greater use should be made of minority groups, less essential uses of manpower should be cut off and worker absenteeism should be stopped.

With respect to the President's remarks, the Associated Press reported:

"Mr. Roosevelt said that the working week in this country in the production of most important war goods is 48 hours, overtime being paid for work beyond 40 hours, and that the average working week in all war production is between 46 and 47 hours.

"Beyond that point, he said, production is not increased by a longer working week except in the first few weeks or months after it is installed.

"He reported that Germany last Spring increased the work week to 70 and 80 hours, with the result that production spurted for two months and then declined until it was not as great as under a 48-hour week. These reports, he said, came from intelligence services.

"On his inspection tour of the country's war plants in September, Mr. Roosevelt said, quite a number of people told him that a problem arose because a certain percentage of workers would not turn up in the morning. When they did get back on the job, some were asked to fill out cards voluntarily giving a reason for their absences, and he said it was interesting to note that where they had been toiling overtime, some up to 54 or 56 hours a week, the excuse was that they were too tired.

"Careful studies of production have shown, he said, that after a person works longer than a certain definite period, you do not get any more production from a longer work week after the first few weeks or months. People won't recognize this, he observed, but he called it a fact that has been proved here, in England, and Germany."

AFL Urges Labor To Support Seamen's Service

The American Federation of Labor at its annual convention in Toronto last month endorsed the United Seamen's Service and urged organized labor to contribute towards its support, according to advices by John Hawk, Secretary-Treasurer of the Seafarers' International Union (Atlantic and Gulf District) to Douglas P. Falconer, national executive director of USS. An announcement at USS headquarters, 39 Broadway, states that both Mr. Hawk and Patrick McHugh of the Boston Fishermen's Union, appeared before the convention's committee on resolutions to recommend granting merchant seamen wartime recognition. They also urged support for the United Seamen's Service which is providing recreation clubs, recuperation centers for survivors of torpedoed ships, and other aids for officers and men of the merchant marine in principal American ports and abroad. The resolution, approved by the Convention, read:

"Resolved that the American Federation of Labor go on record as wholeheartedly endorsing this organization (USS) and this most humane project, and call upon all affiliated organizations and organized labor as a whole to endorse this project and to donate financially to it as much as they possibly can and as soon as possible."

Rayon Output Sets New Record In 3rd Quarter

Production of rayon by American mills (yarn plus staple fiber) aggregated 159,400,000 lbs. for the quarter ended September, a new high record for all time, states the "Rayon Organon," published by the Textile Economics Bureau, Inc., New York. This total represents a gain of 1% as compared with the previous record of 157,100,000 lbs produced during the quarter ended June 30, 1942. For the first nine months of the year 1942, rayon production (yarn plus staple fiber available for consumption) totaled 470,500,000 lbs., a gain of 9½%, as compared with an output of 429,700,000 lbs. produced in the corresponding period of 1941.

The announcement, issued Nov. 6, further stated:

"Rayon filament yarn production also set a new record, amounting to 119,600,000 lbs. during the third quarter, a gain of 1%, or 800,000 lbs., as compared with the previous record output of 118,800,000 lbs. produced in the final quarter of 1941. In the second quarter of 1942, output aggregated 117,700,000 lbs.

"For the nine months ended Sept. 30, rayon yarn production totaled 354,400,000 lbs., as compared with 332,400,000 lbs. in the corresponding 1941 period and with 286,300,000 lbs. produced in the first nine months of 1940.

"Rayon staple fiber output amounted to 39,800,000 lbs. for the September quarter as compared with a previous quarterly record output of 39,500,000 lbs. produced in the second quarter of the year.

"For the nine months ended Sept. 30, staple fiber output amounted to 116,100,000 lbs., also a new high record total. In the 1941 and 1940 corresponding periods, staple fiber 'available for consumption' totaled 97,300,000 lbs and 71,200,000 lbs., respectively.

"Rayon filament yarn deliveries to domestic consumers in October totaled 40,600,000 lbs., as compared with 38,400,000 lbs. in September and 41,700,000 lbs. in October, 1941.

"Staple fiber deliveries aggregated 12,600,000 lbs. in October, as compared with 12,400,000 lbs. in September and 13,200,000 lbs. in October, 1941."